

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors (“Board”) of Technodex Berhad (“the Company”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its duties to enhance shareholders’ values consistent with the principles and best practices set out in the Malaysian Code on Corporate Governance 2012 (“the Code”).

The Board is pleased to set out below the Corporate Governance Statement which describes the manner in which the Group has applied the Principles of the Code and its corresponding recommendations during the financial year ended 30 April 2015.

A. THE BOARD

i. Composition and Balance

The Board currently has six (6) members, comprising two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. This composition ensures that at least one-third (1/3) of the Board comprises of Independent Directors in compliance with Rule 15.02 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board is aware that it is not in compliance with the best practices of the Code as the Chairman of the Board is an executive member and being a Non-Independent Director. However, the Board is satisfied that the presence of the three (3) Independent Directors, though not forming a majority of the Board members, is sufficient to provide the necessary checks and balances on the decision making process of the Board. This is evidenced by their participation as members of the various committees of the Board.

There is a clear separation of functions between the Board and Management. The Board has full control of the Group and oversees its business affairs and the management is responsible for implementing the Board’s corporate objective, policies and procedures on risk and internal control.

The presence of one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

The role of the Executive Chairman and the Group Managing Director (“Group MD”) are distinct and separate to ensure there is balance of power and authority. The Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the Group MD has overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions. The Group MD is accountable to the Board for the overall organisation, management, and staffing of the Company and/or Group and for the procedures in financial and other matters, including conduct and discipline.

The Board does not have any gender diversity policies and targets and no measures have been taken to meet the targets as both genders are given fair and equal treatment. The Board believes that candidature to the Board should be based on a candidate’s merits, capability, experience, skill-sets and integrity but in line with the Code, the Board will consider more females onto the Board in due course to bring about a more diverse perspective.

In line with the Code and in view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board shall also accord due consideration to inculcate diversity policy in the boardroom and workplace which encapsulates not only to gender, but also age and ethnicity.

CORPORATE GOVERNANCE STATEMENT (continued)

ii. Board Responsibilities

The Board collectively leads and is responsible for the performance and affairs of the Group, including practicing a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has the responsibility in leading and directing the Group towards realising long term objectives and shareholders' value. The Board retains full and effective control of the Group's strategic plans, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Group's system of internal control.

Broadly, the Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:

- Reviewing and adopting a strategic plan for the Group, including addressing the Group's business strategies on promoting sustainability;
- Overseeing the conduct of the Group's business, and evaluating whether or not its businesses are being properly managed;
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- Ensuring that all candidates appointed to the Board are of sufficient calibre, including having in place a process to provide for the orderly succession of the members of the Board;
- Overseeing the development and implementation of an investor relations programme and stakeholder communications policy; and
- Reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has also delegated certain responsibilities to the following Committees to assist in the execution of its responsibilities:

- a. Audit Committee
- b. Nomination Committee
- c. Remuneration Committee

The role of the Board Committees is to advise and make recommendations to the Board. However, the ultimate responsibility for the final decision on all matters lies with the Board. The Chairman of various committees provide a verbal report on the outcome of their committee meetings to the Board, and any further deliberation is made at the Board level, if required.

Each Committee operates in accordance with their respective terms of reference approved by the Board. The Board appoints the members and Chairman of each Committee.

CORPORATE GOVERNANCE STATEMENT (continued)

iii. Board Charter

A Board Charter was formalised on 30 May 2013. The Board Charter is intended to identify the role, structure and processes related to key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity for Directors and Management with regard to the roles of the Board and its Committees, the role of the Group MD, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.

A copy of the Board Charter is published in the corporate website of the Company at www.technodex.com.

The Board has also adopted a whistle blowing policy to provide avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively. The Board has also adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company.

iv. Board Meetings and Supply of Information

The Board schedules at least four (4) meetings in a year with additional meetings to be convened where necessary. During the financial year ended 30 April 2015, the Board met five (5) times where they deliberated and approved various reports and issues, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as discussed on the business plans and strategies, major investments, strategic decisions as well as the Group's financial performance.

Details of the Directors' attendance at Board meetings during the financial year ended 30 April 2015 are set out as follows:

Name of Directors	Attendance
KERK HAN MENG (Chairman)	5 of 5
TAN SZE CHONG	5 of 5
STEVEN WONG CHIN FUNG	4 of 5
TAN TIAN WOUI	5 of 5
KOO TECK SEONG	5 of 5
TAN BOON WOUI	5 of 5

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

The Directors receive notices of meetings, typically at least three (3) working days prior to the date of the meeting, setting out the agenda for the meetings, complete with a full set of Board Papers. The Board Papers provide sufficient details of matters to be deliberated during the meeting and the information provided therein is not confined to financial data but includes also non-financial information, both quantitative and qualitative, which is deemed critical for the Directors' knowledge and information in arriving at a sound and informed decision.

Where necessary, senior management and/or external professionals may be invited to attend these meetings to clarify and/or explain matters being tabled.

CORPORATE GOVERNANCE STATEMENT (continued)

In the event a potential conflict of interest situation arises, the Director concerned is to declare his interest and shall abstain from any deliberation and participation in respect of such resolution pertaining to the transaction.

Minutes of Board meetings together with decisions made by way of circular resolution are duly recorded and properly kept by the Company Secretary.

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The Board recognises the fact that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries to the Board in the discharge of their functions.

v. Access to Information and Independent Advice

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Directors also have access to the Internal and External Auditors of the Group, with or without Management present to seek explanations or additional information.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

vi. Appointment to the Board and Re-election of Directors

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee scrutinises the candidates and recommends the same for the Board's approval. In discharging this duty, the Nomination Committee will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate shall bring to complement the Board.

All Board members shall notify the Chairman of the Board before accepting any new directorships in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorships or significant commitments outside the Company.

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or if their number is not multiple of three (3), the number nearest to one-third (1/3) with a minimum of one (1) shall retire at the Annual General Meeting ("AGM"), and be eligible for re-election provided that all Directors shall retire at least once in every three (3) years.

Directors who are appointed by the Board in the course of the year shall be subject to re-election at the next AGM to be held following their appointment.

Directors who are over seventy (70) years of age are required to submit themselves for annual re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

CORPORATE GOVERNANCE STATEMENT (continued)

vii. Tenure of Independent Director

The Board is aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a yearly basis.

viii. Evaluation of the performance of the Directors and the Board's as a whole

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Board Committees. The Nomination Committee is entrusted the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board Committees on an annual basis.

The Nomination Committee is required to report annually to the Board an assessment of the performance of the Board and the Board Committees. This will be discussed with the Board. The Nomination Committee will also evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board Committees.

ix. Annual Assessment of Independence

The Board had through the Nomination Committee of the Company, conducted an evaluation of level of independence of the three (3) Independent Directors of the Company against the criteria as set out in the annual assessment form, amongst others, the Independent Director's background, economic and family relationships and consider whether the Independent Director can continue to bring independent and objective judgment to Board deliberations.

The Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company and/or the Group.

x. Directors' Training

The Board acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updated and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities.

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry which the Group operates.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes.

CORPORATE GOVERNANCE STATEMENT (continued)

Seminars and conference attended by Directors during the financial year ended 30 April 2015 include the following:

Name of Directors	Programmes Attended
KERK HAN MENG	Board Chairman Series: The Role of Chairman
TAN SZE CHONG	Appreciation of Application of ASEAN Corporate Governance Scorecard
KOO TECK SEONG	GST Seminar Exploration of Malaysia Business Opportunities Exchange Forum
STEVEN WONG CHIN FUNG	Legal Training on Construction Law
TAN TIAN WOUI	GST Seminar
TAN BOON WOUI	Appreciation of Application of ASEAN Corporate Governance Scorecard

xi. Directors' Remuneration

The Board through Remuneration Committee establishes formal and transparent remuneration policies and procedures to attract and retain Directors. The Directors' remuneration is structured so as to link rewards to their corporate and individual performance. The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

The Board will determine the level of remuneration of Board members, taking into consideration the recommendations of the Remuneration Committee for the Executive Chairman, Group MD and the Executive Director (if any).

Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission or percentage of profits or turnover.

Each individual Director shall abstain from the deliberation and voting on all matters pertaining to their own remuneration.

The Board is of the view that the disclosure of remuneration by appropriate components and bands are sufficient to meet the objectives set out in the ACE Market Listing Requirements of Bursa Securities.

CORPORATE GOVERNANCE STATEMENT (continued)

The remuneration of the Directors for the financial year under review is as follows:

Name of Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Meeting allowance (RM)	Total (RM)
Executive Directors	72,000	538,840	5,000	615,840
Non-Executive Directors	204,000	-	14,500	218,500
TOTAL	276,000	538,840	19,500	834,340

Range of Remuneration	Executive	Non-Executive
RM50,000 and below	-	1
RM50,001 – RM100,000	-	3
RM300,001 to RM350,000	2	-

xii. Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

A Corporate Disclosure Policy was formalised on 20 June 2014 to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

B. BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees that operates within clearly defined terms of reference. These Committees are:

i. Audit Committee

The Audit Committee's objectives are, among others, providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls and to reinforce the independence of the Company's external auditors, thereby ensuring that the auditors have free reign in the audit process.

The members of Audit Committee and its summary of terms of reference and the activities carried out during the financial year ended 30 April 2015 are set forth in the Audit Committee Report in pages 24 to 27 of this Annual Report.

ii. Nomination Committee

The Nomination Committee of the Company is responsible to oversee the selection and assessment of directors. The Nomination Committee will assess the candidates and recommend to the Board who will thereon assess the shortlisted candidates and arrive at a decision on the appointment of the director.

CORPORATE GOVERNANCE STATEMENT (continued)

The Nomination Committee of the Company comprises the following members, all being Independent Non-Executive Directors with the Chairman being the Senior Independent Director identified by the Board:-

Name of Committee Members	Designation
Steven Wong Chin Fung, Chairman	Senior Independent Non-Executive Director
Koo Teck Seong, Member	Independent Non-Executive Director
Tan Tian Wooi, Member	Independent Non-Executive Director

The Nomination Committee meets as and when required. The Nomination Committee met once in the financial year ended 30 April 2015 and the activities undertaken by the Committee were as follows:

- a. Carried out the assessment and rating of the performance of each Non-Executive Directors against the criteria as set out in the annual assessment form, amongst others, attendance at Board or committee meetings, adequate preparation for Board and/or committee meetings, regular contribution to Board or committee meetings, personal input to the role and other contributions to the Board or committees as a whole.
- b. Carried out the assessment and rating of the performance of the Executive Directors against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders'/investors' relations, employee training and development, succession planning and personal input to the role.
- c. Evaluated the balance of skills, knowledge and experience of the Board and in the light of this evaluation, reviewed the role of the Executive Chairman and Group MD respectively, to ensure balance of power and authority, and a clear division of responsibilities as the head of the Company.
- d. Identified and recommended to the Board the re-election of Mr. Steven Wong Chin Fung and Mr. Koo Teck Seong as Directors in the last Annual General Meeting held on 28 October 2014.

iii. Remuneration Committee

The Remuneration Committee is principally responsible for assessing and reviewing the remuneration packages of the Executive Chairman and Group MD and subsequently furnishes their recommendations to the Board for adoption. The Board had also through the Remuneration Committee, established formal and transparent remuneration policies and procedures to attract and retain Directors.

The Remuneration Committee comprises the following members:-

Name of Committee Members	Designation
Koo Teck Seong, Chairman	Independent Non-Executive Director
Kerk Han Meng, Member	Executive Chairman
Tan Tian Wooi, Member	Independent Non-Executive Director

CORPORATE GOVERNANCE STATEMENT (continued)

C. THE SHAREHOLDERS

i. Dialogue between the Company and Investors

The Board values the importance of dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner. Quarterly results, announcements, annual reports and circulars serve as the primary means of dissemination of information so that the shareholders are constantly kept abreast on the Group's progress and development. The Company's corporate website at www.technodex.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communications. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings.

ii. Annual General Meetings ("AGM")

The AGM remains as a principal forum used by the Group for communication with its shareholders. During the AGM, shareholders are accorded time and opportunity to query the Board on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group.

Shareholders are also invited to convey and share their inputs with the Board. Where applicable, the Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

All resolutions set out in the Notice of the AGM are put to vote by show of hands. In future, the Company shall endeavour, wherever possible, to put to vote of resolutions at the AGM by poll, if required, including highlighting the shareholders of their right to demand a poll at the commencement of the general meeting.

D. ACCOUNTABILITY AND AUDIT

i. Financial reporting

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both on a quarterly and full year basis, and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance to the applicable financial reporting standards.

The Audit Committee plays a crucial role in assisting the Board to scrutinize the information to be in compliance with applicable financial reporting standards for disclosure to shareholders to ensure material accuracy, adequacy, validity and timeliness of the financial statements.

CORPORATE GOVERNANCE STATEMENT (continued)

ii. Internal Control and Risk Management

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets and for reviewing the adequacy and integrity of the system.

Risk management is an integral part of the Group's business operations and it is subject to periodic reviews by the Board. The Group adopted a structured risk management framework with discussions involving different levels of managements to identify and address risks faced by the Group.

As guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board performs reviews on an annual basis covering not only financial, but operational and compliance controls and risk management systems, in all material aspects. Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The Board is provided with reasonable assurance from the various reports submitted by Management and the Audit Committee on risk management and internal control system. Details on the Statement on Risk Management and Internal Control are furnished in pages 21 to 23 of this Annual Report.

The Board recognises that identification, evaluation and management of significant risks faced by the Company are an on-going process. The improvement of the system of internal controls is also an on-going process and the Board maintains continuing commitment to strengthen the Company's internal control environment and processes.

iii. Relationship with Auditors

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to a third party who reports direct and regularly to the Audit Committee of the Company. Similar to the External Auditors, Internal Auditors too have direct reporting access to the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

The Audit Committee undertakes an annual review of the suitability and independence of the External Auditors. Having assessed their performance, the Audit Committee will make its recommendation to the Board for reappointment, upon which the shareholders' approval will be sought at the AGM of the Company.

E. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company is committed to achieving high standards of corporate governance throughout the Company and the Group and highest level of integrity and ethical standards in all of its business dealings.

The Board will continue to strive for the full compliance with the Code in the coming financial year.

This statement is made in accordance with a resolution of the Board dated 20 August 2015.