

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : TDEX 0132  
**COMPANY NAME** : TECHNODEX BHD (“TDex” or “Company”)  
**FINANCIAL YEAR** : April 30, 2018

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("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.</p> <p>The Board has the responsibility in leading and directing the Group towards realising long term corporate objectives and increasing shareholders' value. The Board retains full and effective control of the Group's strategic plans, implements an appropriate system of risk management and ensures the adequacy and integrity of the Group's system of internal control.</p> <p>Further details on the responsibilities of the Board are set out in the Corporate Governance Overview Statement ("CG Overview Statement") in the Company's Annual Report for the financial year ended 30 April 2018 ("AR 2018").</p> <p>The Board has also delegated certain responsibilities to the following Board Committees to assist in the execution of its responsibilities:</p> <ul style="list-style-type: none"><li>a. Audit Committee ("AC")</li><li>b. Nomination Committee ("NC")</li><li>c. Remuneration Committee ("RC")</li></ul>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 1.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board, Mr. Steven Wong Chin Fung, holds an Independent Non-Executive position and is primarily responsible for the leadership, effectiveness, conduct and governance of the Board.</p> <p>The roles of the Chairman, amongst others, including the following:</p> <ul style="list-style-type: none"> <li>• To provide leadership to the Board.</li> <li>• To examine the public image of the organisation and establish plans and programme to improve TDex and its subsidiaries ("the Group") in every way.</li> <li>• To oversee ethical business practices and adherence to the Group's mission statement.</li> <li>• To oversee the effective discharge of the Board's supervisory role.</li> <li>• To facilitate the effective contribution of all Directors.</li> <li>• To conduct and chair Board Meetings and General Meetings of the Company.</li> <li>• To manage Board communications and Board effectiveness and effective supervision over Management</li> <li>• To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner.</li> <li>• To ensure Board Meetings and General Meetings are in compliance with good conduct and best practices.</li> <li>• To promote constructive and respectful relations between Board members and between the Board and the Management.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board, Mr. Steven Wong Chin Fung and the Group Managing Director ("Group MD"), Mr. Tan Sze Chong, both holding separate position and their respective roles and responsibilities are governed in the Company's Board Charter.</p> <p>The roles and responsibilities of the Chairman and Group MD are distinct and separate to ensure there is a balance of power and authority.</p> <p>The Group MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.</p> <p>The roles of the Group MD, amongst others, including the following:-</p> <ul style="list-style-type: none"> <li>• To develop and recommend to the Board strategic business direction, plans and policies of the Group that leads to the creation of shareholder value.</li> <li>• To develop and recommend to the Board the operational plan and annual budget that support the Company or the Group's long-term strategy.</li> <li>• To ensure the efficient and effective operation of the Group.</li> <li>• To manage the overall business and oversees the day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board.</li> <li>• To ensures continuous improvement in the quality and value of the products and services provided by the Group.</li> <li>• To ensure that the Company or the Group achieves and maintains a satisfactory competitive position within its industry.</li> <li>• To formulate and oversee the implementation of major corporate policies.</li> <li>• To report to the Board periodically on the financial positions of the Group which include forecast results as required from time to time. To reports to the Board on key performance indicators in relation to the financial results, market conditions and other developments.</li> <li>• To responsible for the financial management of the Company and /or Group and overseeing the handling of financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources.</li> <li>• To serve as the chief spokesperson for the Group.</li> </ul>

	<ul style="list-style-type: none"> <li>To bring material matters to the attention of the Board in an accurate and timely manner.</li> </ul>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.4**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by a qualified and competent Company Secretary. She is a member of the Malaysian Association of Companies Secretaries and is holding a professional certificate as qualified Company Secretary under the Malaysian Companies Act 2016. She possesses over 25 years of experience in corporate secretarial practices.</p> <p>The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.</p> <p>The Company Secretary manages the logistics of all Board, Board Committees and general meetings. She ensures minutes of all meetings are properly recorded and reflected the correct proceedings of the meetings.</p> <p>The Company Secretary plays an advisory role in supporting the Board and the Board Committee on issues relating to compliance with laws, rules, procedures and regulations affecting the Company, particularly, Companies Act 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Malaysian Code on Corporate Governance ("MCCG"), Company's Constitution and Board Charter.</p> <p>During the FYE 2018, the Company Secretary had on 27 March 2018 conducted an in-house training on MCCG to keep the Board abreast of the latest development on the governance matters involving the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To facilitate the Directors' time planning, meetings calendar was prepared in advance of each new year by the Company Secretary. The meetings calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.</p> <p>The Notice of Board meetings are sent to the Directors via email at least five (5) working days prior to a meeting.</p> <p>The Directors receive meeting materials at least five (5) working days prior to the date of meeting. The Management and other advisers are invited to attend the meeting to report and brief on their respective areas of responsibility, if required.</p> <p>The deliberations and decision of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes of which are circulated the Chairman of the Board and Board Committees for review within a reasonable timeframe after the meeting. The meeting minutes accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place a Board Charter. The Board Charter is available on the Company's corporate website at <a href="http://www.technodex.com">www.technodex.com</a> and will be reviewed from time to time to ensure the Board Charter remains consistent with the Board's objectives, current law and practices.</p> <p>The Board Charter is intended to identify the role, structure and processes related to the key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity to Directors and Management with regards to the roles of the Boards and its Board Committees, the role of the Chairman and 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.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 3.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Code of Ethics and Conduct for all Directors and employees of the Group.</p> <p>The Code of Ethics and Conduct is incorporated in the Board Charter of the Company and available on the Company's website at <a href="http://www.tehcnodex.com">www.tehcnodex.com</a>. The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and will be reviewed by the Board from time to time to ensure that it continues to remain relevant and appropriate.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 3.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group has put in place its Whistle Blowing Policy which is published on the Company's website at <a href="http://www.technodex.com">www.technodex.com</a>.</p> <p>The Whistle Blowing Policy aims to achieve the following:</p> <ul style="list-style-type: none"> <li>• To encourage and develop a culture of openness, accountability and integrity.</li> <li>• To provide avenues for employees to raise genuine concerns or allegation through the appropriate channels upon discovery of possible misconduct.</li> <li>• To ensure the protection to individual who reports the concern or allegation in good faith in accordance with the procedures.</li> <li>• To enable Management to be informed at an early stage about acts of misconduct.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board currently has six (6) members, comprising one (1) Independent Non-Executive Chairman, One (1) Group MD, one (1) Executive Director, one (1) Independent Non-Executive Director and two (2) Non-Independent Non-Executive Directors.</p> <p>Our current Board composition is not in line with the MCCG's recommendation to have at least half of the Board comprises Independent Non-Executive Directors. However, the Board composition complies with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities which requires at least one-third (1/3) of the Board comprise of Independent Non-Executive Directors.</p> <p>Notwithstanding the above, the Board and the NC will be reviewing the board composition to comply with the practice.</p> <p>The Board and the NC will continue to identify suitable candidate(s) for appointment to the Board as Independent Non-Executive Director(s) taking into account the Company's Gender Diversity Policy as well as merits, skills, experience, independent, age, integrity, core competence, cultural background and contribution that each potential candidate can bring to further strengthen the Board.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.2**

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

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

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

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



**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NC is responsible to lead the process for the nomination of new candidate for appointment and making the necessary recommendations to the Board. In this respect, the role of the NC is detailed in its Terms of Reference, which is accessible on the Company's website, <a href="http://www.technodex.com">www.technodex.com</a>.</p> <p>The Board, through its NC, believes that candidature to the Board should be based on a candidate's merits, mix of skills, experience, independent, age, integrity, core competence, cultural background and contribution.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5**

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has established a Gender Diversity Policy on 26 June 2018 which provides a framework for the Company to improve its gender diversity at Board level. The objectives/principles and measures as set out in the Gender Diversity Policy are disclosed in the CG Overview Statement in the AR 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the Board are to be appointed in a formal and transparent practice as endorsed by the MCCG. The NC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NC 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 can bring to complement the Board.</p> <p>In searching for suitable candidates, the NC may receive suggestions from existing Board members, Management and major shareholder. The NC is also open to referrals from external sources available, such as industry and professional association, as well as independent search firms.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

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

**Intended Outcome**

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

**Practice 5.1**

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Facilitated by the NC, the Company conducts an annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director. The process is carried out via customised assessment forms sent to Directors pertaining to the following evaluations:-</p> <ul style="list-style-type: none"> <li>i. Performance of Group MD/Executive Director</li> <li>ii. Performance of Non-Executive Directors</li> <li>iii. Independence of the Independent Directors</li> <li>iv. Performance of the AC</li> <li>v. Effectiveness of the Board and Board Committees as a whole</li> </ul> <p>Assessment criteria based on the Key Performance Indicators (“KPI”) covers the financial performance and business operations, strategic, operations management and business plans, product development, conformance and compliance, stakeholders’ relation, succession planning, attendance, preparation and contribution to the committee meetings.</p> <p>The assessment forms for the financial year ended 30 April 2017, duly completed by Directors and/or AC were collated by the Company Secretary and tabled to the NC and/or AC for review before tabling the same for the Boards’ deliberation/notation.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 6.1**

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company’s website.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board had established a formal and transparent Remuneration Policy as a guide for the Board and the RC to determine the remuneration of Directors and/or Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.</p> <p>The Remuneration Policy is made available for reference on the Company's website at <a href="http://www.technodex.com">www.technodex.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 6.2**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC comprises the following members, all being Non-Executive Directors with the Chairman being the Independent Non-Executive Director: -</p> <ul style="list-style-type: none"> <li>• Saifulrizam Bin Zainal, Chairman</li> <li>• Steven Wong Chin Fung, Member</li> <li>• Chang Choon Ming, Member</li> </ul> <p>The RC is principally responsible for assessing and reviewing the Remuneration Policy for the Directors and Senior Management of the Company. The RC also seeks to ensure that the remuneration packages commensurate with the expected responsibility and contribution by the Directors and subsequently recommending to the Board for adoption.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</p> <p>The Terms of Reference of RC is accessible on the Company's website, <a href="http://www.technodex.com">www.technodex.com</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 7.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual Directors are set out in the CG Overview Statement in the AR 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>Due to confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not disclose the Senior Management's remuneration components on named basis in the bands of RM50,000.00.</p> <p>The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.</p> <p>As an alternative, the Board is of the view that the disclosure of Senior Management's aggregated remuneration on unnamed basis in the bands of RM50,000.00 in the AR 2018 is adequate.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC comprises the following members with majority of them are Independent Non-Independent Directors:-</p> <ul style="list-style-type: none"> <li>• Saifulrizam Bin Zainal, Chairman</li> <li>• Steven Wong Chin Fung, Member</li> <li>• Datuk Abd Hamid Bin Abu Bakar, Member</li> </ul> <p>En. Saifulrizam is the AC Chairman who holds Master in Business Administration (Finance) from International Islamic University of Malaysia, Bachelor of Business Administration (Honour) from University of Technology MARA and Diploma in Banking from University of Technology MARA.</p> <p>The positions of the Chairman of the Board and the AC Chairman are being held by two different persons. The Chairman of the Board is Mr. Steven Wong Chin Fung while the AC Chairman is En. Saifulrizam. This allow the Board and the AC to objectively review their findings and recommendations.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	No former key audit partners of the present auditors have been appointed to the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has on 19 December 2017 established the External Auditors Assessment Policy ("the Policy") together with an annual assessment form. The Policy is to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the External Auditors.</p> <p>The External auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The AC shall obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The AC shall carry out annual performance assessment of the External Auditors and may request the Group MD, Executive Director and/or Finance Manager to join the assessment.</p> <p>The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the External Auditors of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.5**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All members of the AC have the necessary skills to discharge their duties and are able to understand matters under the purview of the AC. The profiles of the AC members are provided in the AR 2018.</p> <p>All AC members had kept themselves abreast of relevant development in accounting and auditing standards, practices ad rules.</p> <p>During the AC Meetings, the members were briefed by the External Auditors, CAS Malaysia PLT on the development or changes in applicable Malaysian Financial Reporting Standards, International Financing Reporting Standards and relevant accounting requirements under the Companies Act 2016.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its overall responsibility of maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness. The Board has delegated the responsibility for reviewing the adequacy and effectiveness of the risk management and internal control systems to the AC.</p> <p>The information on risk management and internal control are set out in the Statement on Risk Management and Internal Control in the AR 2018.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The features of the risk management and internal control framework, and the adequacy and effectiveness of this framework has been disclosed in the Statement on Risk Management and Internal Control of in the AR 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

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

**Intended Outcome**

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

**Practice 10.1**

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The internal audit function is outsourced to an independent professional consulting firm to carry out internal audit services for the Group.</p> <p>The Internal Auditors (“IA”) are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>To ensure that the responsibilities of IA are fully discharged, the AC evaluate the performance of the Internal Auditors for the financial year ended 30 April 2018 upon such evaluation criteria as set out in its Annual Assessment Form (“IA Annual Assessment Form”), amongst others, the following were some of the criteria reviewed by the AC:</p> <ol style="list-style-type: none"> <li>a. Adequacy of resources and experience of the internal audit firm;</li> <li>b. Quality processes of the internal audit firm;</li> <li>c. Competency of the engagement team;</li> <li>d. Governance and independence;</li> <li>e. Internal audit fee, scope and planning; and</li> <li>f. Internal audit reports and communications.</li> </ol> <p>The AC concluded its assessment that the IA has sufficient experience and resources to satisfy their terms of reference and adequately deliver the quality services to the Company and its subsidiaries.</p> <p>The results of the audits as disclosed in the Internal Audit Reports together with Management’s response and proposed action plans were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes.</p> <p>The IA provides assurance to the AC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.</p> <p>The details of the internal audit function and activities are set out in the AC Statement in the AR 2018.</p>

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

**Intended Outcome**

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

**Practice 10.2**

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Group is outsourced to a third-party service provider, namely, KL Ng &amp; Associates.</p> <p>Mr. Alvin Ng Kit Loong, the Principal and founder of KL Ng &amp; Associates, is responsible for the internal audit of the Group.</p> <p>The internal audit assignment is led by Mr. Alvin Ng Kit Loong, the Principal and founder of KL Ng &amp; Associates. The internal audit review is staffed by 3 internal audit personnel including the Senior individual. The Internal Auditors team is free from any relationships with the Company or conflicts of interest. This will ensure that the internal audit function does not impair their objectivity and independence.</p> <p>The internal audit function has adopted the International Professional Practices Framework set by the Institute of Internal Auditors and ensures that staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.</p> <p>The AC was satisfied with the competency, experience and resources of the internal audit function for discharging its role and responsibilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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. Shareholders will receive regular communication from the Company through the release of announcements, quarterly reports, annual reports and circular to Bursa Securities.</p> <p>The Board has put in place a Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosure pertaining to the Company and the Group's matters to regulators, shareholders and stakeholders.</p> <p>The Company's corporate website at <a href="http://www.technodex.com">www.technodex.com</a> serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news, events, announcements to Bursa Securities relating to the Group.</p> <p>The Board has also created an investor relation section on the Company's website at <a href="http://www.technodex.com">www.technodex.com</a> for information on corporate, financial, corporate governance and stock prices, which is accessible to public.</p> <p>Besides, the AGM remains a principal forum used by the Group for communication with its shareholders. The Board will also ensure that each item of special business that is included in the notice of AGM is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.</p> <p>The AGM provides an opportunity for the shareholders to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. Shareholders are encouraged to actively participate in the question and answer session. The Board, Senior</p>

	Management and the External Auditors will be present to answer and provide appropriate clarifications at the AGM.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is not Large Company as defined under MCGG.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The notice of AGM is despatched to shareholders at least 28 days before the AGM.</p> <p>The Notice for convening the forthcoming 14<sup>th</sup> AGM of the Company which is scheduled to be held on 9 October 2018 was sent to the shareholders on 30 August 2018, which is more than 28 days before the date of AGM.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All the Directors who hold office for that time being were present at the 13<sup>th</sup> AGM and Extraordinary General Meeting of the Company held on 20 October 2017 and 15 November 2017 respectively to engage directly with shareholders.</p> <p>During the proceedings of the 13<sup>th</sup> AGM, the Chairman invited shareholders to raise questions pertaining to the Company's audited financial statements and other agendas tabled for approval at the meeting. All questions raised by the shareholders were answered and addressed accordingly.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.3**

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has yet to facilitate voting in absentia and remote participation by shareholders in General Meetings.	
		Alternatively, shareholders are allowed to appoint proxy(ies) and representative(s) to attend the meetings and vote on his/her behalf.  The proxy forms are sent together to the shareholders together with the Notice of General Meetings.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

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

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

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