

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2739
COMPANY NAME : Techna-X Berhad
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company indicates that the Board should provide leadership and vision to the Company to enhance shareowner value and ensure long-term sustainable development and growth of the Company.</p> <p>The Board delegates certain responsibilities to the Board Committees, the Executive Directors, and the Management.</p> <p>Due to the continued dismal financial performance of the coke business and lack of visibility to the prospect of a turnaround in the industry moving forward, the Board has made a concerted decision to wind down and cease the coke operations for an eventual sale. These strategic decisions were made in an effort to address the hefty losses and financial haemorrhage suffered by the coke business, all of which were done with the interest of Techna-X's shareholders in mind.</p> <p>The operation of the coke business has finally ceased on 31 December 2021. Accordingly, the Group has refocused its efforts and resources on developing and growing its digital and technology businesses in line with its business transformation and repositioning strategy.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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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 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman's responsibilities, as stated in the Board Charter of the Company, are as follows:-</p> <ul style="list-style-type: none">• Responsible for representing the Board to the shareholders and indirectly to the general public for performance.• Responsible for ensuring the integrity and effectiveness of the Board's governance process.• Ensure that the content and order of the agenda are appropriate and that the board members have the relevant papers in good time.• Ensure that the Board members are properly briefed on issues arising at Board meetings and that all available information on an issue is before the Board.• Responsible for maintaining regular dialogue with the Chief Executive Officer/Managing Director ("CEO/MD") over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.• Act as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates the discussion, that appropriate discussion takes place, and that relevant opinion among members is forthcoming. In addition, the Chairman will ensure that discussions result in logical and understandable outcomes.• Between Board meetings, the Chairman shall maintain an informal link between the Board and the CEO/MD, expect to be kept informed by the CEO/MD on all important matters, and is available to the CEO/MD to provide counsel and advice where appropriate. <p>Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, the Chairman of the Board, who is also a substantial shareholder in the Company, has provided effective leadership, strategic direction, and necessary governance to the Group.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The separate roles and responsibilities of the Chairman and CEO/MD are provided in the Board Charter of the Company.</p> <p>The positions of the Chairman and the CEO/MD are held by two different individuals. The Chairman is Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, while Mr. Liu Guodong holds the CEO/ MD position of the Company.</p> <p>The separate roles of the Chairman and CEO/MD ensure that there is a balance of power and authority as no one individual has unfettered decision-making powers.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Chairman of the Board has not assumed any role in the Audit and Risk Management Committee, Nomination Committee, or Remuneration Committee. The composition of the above committees is as follows:- <u>Audit and Risk Management Committee</u> Chairperson : Lim See Tow (Independent Non-Executive Director) Members : Zhai Baoxing (Independent Non-Executive Director) Balraj Singh Pannu A/L Gajjan Singh (Independent Non-Executive Director) <u>Nomination Committee</u> Chairman : Balraj Singh Pannu A/L Gajjan Singh (Independent Non-Executive Director) Members : Zhai Baoxing (Independent Non-Executive Director) Lim See Tow (Independent Non-Executive Director) <u>Remuneration Committee</u> Chairperson : Lim See Tow (Independent Non-Executive Director) Members : Zhai Baoxing (Independent Non-Executive Director) Balraj Singh Pannu A/L Gajjan Singh (Independent Non-Executive Director)
Explanation for departure	:

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

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) Company Secretaries who are qualified Chartered Secretaries under the Companies Act 2016.</p> <p>The Board members have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The Company Secretaries are responsible for advising the Board on compliance with the Companies Act 2016, the Company's Constitution, adopted policies and procedures, and the relevant regulatory requirements, codes or guidance, and legislation (or any amendments thereto) when required.</p> <p>In addition, the Board is regularly updated and apprised by the Company Secretaries, who are experienced, competent and knowledgeable, on the laws and regulations, as well as directives issued by the regulatory authorities from time to time.</p> <p>The Company Secretaries attend the Board and Board Committees meetings and ensure the meetings are properly convened and all deliberations are well captured and minuted.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The annual meeting calendar is prepared and circulated for the Board's consent in advance of each new year. This facilitates the Directors' schedule and advance preparation for the meetings.</p> <p>Special meetings will be called if the deliberations on specific subject matters cannot be completed due to additional information required to reach any meaningful board decision.</p> <p>Timely circulation of the board papers comprises the notice of meeting, agenda items, reports, and papers, to the Board members prior to the meetings. This is to accord sufficient time for the Directors to peruse the Board papers and to seek clarification and/or further information, where necessary, to be adequately informed before the meetings.</p> <p>The minutes of meetings, which accurately reflect the deliberations and decisions of the Board and/or Board Committees, are also circulated within a reasonable time upon conclusion of each meeting and are signed by the respective Chairman of the meetings as a correct record of the proceedings of the meetings based on confirmation from the Board and Board Committees. Matters that require further action by the Management would stay as matters arising in the minutes of meetings until it is resolved.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company regulates how business is to be conducted by the Board in accordance with the principles of good Corporate Governance. The Board Charter sets out the specific responsibilities to be discharged by the Board members collectively and the individual roles expected from them.</p> <p>The Board also keeps itself abreast of the responsibilities delegated to each Board Committee and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports from the respective Chairman of the Board Committee, which are presented to the Board during Board meetings at the appropriate regular intervals.</p> <p>The Board Charter and the Terms of Reference of the Board Committees are subject to review from time to time, and the last review was done on 8 April 2022. The updated versions of the same are available on the Company's corporate website at http://www.techna-x.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Ethics and Business Conduct was established in 2013 to ensure that the trust and confidences of stakeholders are intact. The Company gains credibility by adhering to commitments, displaying honesty and integrity, and reaching goals solely through honourable conduct. The Company also took the initiative to maintain the Code of Ethics and Business Conduct in Mandarin to benefit the subsidiary's senior management team in China, who may not be well versed in English.</p> <p>The last review of the Code of Ethics and Business Conduct was done on 8 April 2022.</p> <p>A copy of the Code of Ethics and Business Conduct is available on the Company's corporate website at http://www.techna-x.com.</p> <p>Pursuant to the amendments made to the Malaysian Anti-Corruption Commission Act 2009, the Company has adopted an Anti-Bribery and Corruption Policy on 31 May 2020 to prevent corruption and unethical practices within the Group.</p> <p>A copy of the Anti-Bribery and Corruption Policy is available on the Company's corporate website at http://www.techna-x.com.</p> <p>During the financial year ended 31 December 2021, there were no cases reported to the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Whistleblowing Policy was established in 2013 as the Company is committed to the highest standard of integrity, openness, and accountability in its businesses and operations. It aspires to conduct its affairs ethically, responsibly, and transparently.</p> <p>The last review of the Whistleblowing Policy was done on 8 April 2022.</p> <p>A copy of the Whistleblowing Policy is available on the Company's corporate website at http://www.techna-x.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company reports its sustainability governance structure in the Statement on Sustainability of the Annual Report for the financial year ended 31 December 2021.</p> <p>The Company recognises that sustainability is pertinent for creating long-term value for its business as well as its commitment as a responsible corporate citizen.</p> <p>There is no formal structure at this juncture. However, the Company does discuss such matters periodically during the Board meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company's sustainability strategies, priorities and targets, as well as performance against these targets, were not communicated to its internal and external stakeholders. Nevertheless, the Board, together with Management, is working on setting the Company's sustainability strategies, priorities, and targets as well as performance against these targets and shall communicate the same to its internal and external stakeholders upon finalisation.	
		There is no formal structure for communication at this juncture. However, the Company does discuss such matters periodically during the Board meetings, and where applicable and necessary, such communication will be extended informally to the relevant stakeholders from time to time.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Board is appraised, and they provide their views and opinions on any of the Group's sustainability issues during the Board meetings. The Board is well aware that one of the Company's key pillars is the development of technology infrastructure for Smartcity via the deployment of IoT, AI, Data Analytics, etc. These Smartcity platforms can help communities in the entire value chain increase effectiveness and efficiency in tasks that directly affect the people's day-to-day life and provide a safe and sustainable living conditions to the communities. In addition, the Board also attended training to keep themselves abreast with the latest development in the industry and the sustainability issues relevant to the Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is yet to include the review of the performance of the Board and Senior Management in addressing the Company’s material sustainability risks and opportunities in the Company’s performance evaluation process.	
		The Board takes cognisance of the importance of such evaluation and will include such review in the coming year's evaluation process.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>During the financial year ended 31 December 2021, the Nomination Committee has evaluated the composition of the Board via the annual assessment to determine the performance and effectiveness of the Board, Board Committees, and each Director:-</p> <ul style="list-style-type: none">(i) Director's self and peer performance evaluation;(ii) Board and Board Committees' evaluation;(iii) Audit and Risk Management Committee member's self and peer evaluation;(iv) Review of the performance of the Audit and Risk Management Committee; and(v) Assessment of Independent Directors. <p>The Directors and Board Committees provided anonymous feedback on their peers' performance and individual performance contributions to the Board and respective Board Committees. The results were collated by the Company Secretaries and tabled to the Nomination Committee for deliberation. In addition, each Director was provided feedback on their contribution to the Board and Board Committees. The assessment report and the report on the Board balance (the required mix of skills, experience, and other qualities) are discussed and circulated to the Board of Directors. The results affirmed that the Board and each of its Committees continue to operate effectively.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently, the Board consists of seven (7) members, comprising one (1) Executive Chairman, one (1) Managing Director, two (2) Executive Directors, and three (3) Independent Non-Executive Directors.</p> <p>The current Board composition complies with 1/3 of the Board being independent in accordance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities.</p> <p>The current size and composition of the Board are considered well balanced in addressing any business challenges and driving the business of the Group to greater heights. The Board members come from various professional backgrounds in terms of a mix of skills, knowledge, expertise, experience and other requisite qualities.</p> <p>These qualities include core competencies in finance, business, law and strategic thinking that are essential for the success of the Group. The Independent Non-Executive Directors play active roles in deliberations of policies and providing unbiased independent views and sound judgement.</p> <p>Hence, the lack of majority independent directors in terms of delivering 50% composition does not jeopardise the independent Board's deliberations, and all decisions are made in the best interests of the Company.</p> <p>The Board will continuously identify potential independent candidates to be interviewed to fulfil the requirements of MCGG.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Ms. Lim See Tow was appointed as an Independent Non-Executive Director of the Company on 18 January 2008 and has served the Board in that capacity for a cumulative term of more than twelve (12) years.</p> <p>The Company had obtained shareholders' approval through a two-tier voting process at the Fifteenth Annual General Meeting ("AGM") held on 30 June 2021 to retain Ms. Lim See Tow, who has served the Board for a cumulative term of more than twelve (12) years, to continue in office as an Independent Non-Executive Director until the conclusion of the next AGM.</p> <p>As Ms. Lim See Tow is due to retire at the Sixteenth AGM, she had indicated her intention not to seek re-election, and hence, she will retire as a Director at the forthcoming Sixteenth AGM.</p> <p>The Nomination Committee and the Board will identify a suitable replacement to fill the vacancy arising from Ms. Lim See Tow's retirement to maintain a proper board composition.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is responsible for making recommendations for the appointment of Directors to the Board.</p> <p>In making the recommendation of suitable candidates, the Nomination Committee considers the following attributes of candidates:</p> <ul style="list-style-type: none"> (a) skills, knowledge, expertise, and experience; (b) professionalism; (c) integrity; (d) competencies, commitment, contribution, and performance; and (e) in the case of candidates for the Independent Director position, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Director. <p>The Nomination Committee also considers, in making its recommendations, candidates for directorships proposed by the Directors and, within the bounds of practicability, by any other senior executive or any Director or shareholder and takes steps to ensure that gender, ethnicity, and age group diversity is considered as part of its recruitment exercise.</p> <p>The current Board consists of Directors from diverse backgrounds and qualifications, collectively bringing a wide range of experience and expertise in areas such as economics, accounting, finance, legal, engineering, and entrepreneurship.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.6

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

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience, and other qualities in meeting the needs of the Company. These are done without regard to the candidate's gender, ethnicity, or age.</p> <p>Besides, the Nomination Committee does not solely rely on recommendations from the existing Board members, management, or major shareholders. Therefore, the Company has set the consideration of various approaches and independent sources to identify suitable candidates for the appointment of Directors as one of the key priorities to consider.</p> <p>During the financial year, the Company has appointed En. Ahmad Rizan Bin Ibrahim as an Executive Director on 10 September 2021 after being assessed by the Nomination Committee for his competency, skills, character, time commitment, knowledge, experience, and other qualities to effectively discharge his role as an Executive Director of the Company.</p> <p>His appointment is to assist and support the Board in achieving the Company's strategic plan of transforming the loss-making coke manufacturing business into the provision of intelligent digital ecosystem and energy storage solutions businesses.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The appointment of any Director is announced to Bursa Malaysia Securities Berhad with all the relevant information of the candidate, including his or her educational background, working experience, and, if relevant, his or her competency, skills, character, time commitment, knowledge, and other qualities which may be required to effectively discharge his or her role as the Director of the Company.</p> <p>In addition, the details of the Directors, including the Directors who are due for retirement and eligible for re-election, such as interests, position, and experience, are set out in the Profile of Directors of the Annual Report for the financial year ended 31 December 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is currently chaired by Mr. Balraj Singh Pannu A/L Gajjan Singh, an Independent Non-Executive Director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board acknowledges the importance of boardroom diversity and supports the same. The Board currently has one female director, comprising 14.29% of the Board.	
		The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience, and other qualities in meeting the needs of the Company, and without regard to the candidate's gender, ethnicity, nor age. The Nomination Committee and the Board would ensure that steps are undertaken to ensure that suitable women candidates are sought from various sources, should the need arise.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	The Company has adopted a Gender-Ethnicity-Age Diversity Policy, and the said policy is available on the Company’s corporate website at http://www.techna-x.com . The last review of the Gender-Ethnicity-Age Diversity Policy was done on 8 April 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: During the financial year ended 31 December 2021, the Board, through the Nomination Committee, has conducted the following annual assessments to determine the performance and effectiveness of the Board, Board Committees, and each Director:- (i) Director's self and peer performance evaluation; (ii) Board and Board Committee evaluation; (iii) Audit and Risk Management Committee member's self and peer evaluation; (iv) Review of the performance of the Audit and Risk Management Committee; and (v) Assessment of Independent Directors. The Directors and Board Committees provided anonymous feedback on their peers' performance and individual performance contributions to the Board and respective Board Committees. The results were collated by the Company Secretaries and tabled to the Nomination Committee for deliberation. In addition, each Director was provided feedback on their contribution to the Board and its Committees. The review supported the Board's decision to endorse the retiring Directors standing for election. The assessment report and the report on the Board balance (the required mix of skills, experience, and other qualities) are discussed and circulated to the Board of Directors. The results affirmed that the Board and each of its committees continue to operate effectively.
Explanation for departure	:

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee is tasked to review and recommend the remuneration packages of the Executive Directors, Non-Executive Directors, and Senior Management of the Company.</p> <p>The Remuneration Committee has to take into consideration the following:-</p> <ul style="list-style-type: none">• In respect of Executive Directors, to ensure that the remuneration package is commensurate with skills and responsibility expected of the Director concerned and is sufficient to attract and retain Directors needed to run the Company successfully.• In respect of Non-Executive Directors, to ensure via the Board as a whole that the remuneration payable reflects the experience, time demanded of the Directors to discharge their duties and responsibilities undertaken.• In respect of Senior Management, to ensure that the remuneration package is commensurate with the individual's performance, skills and experience, level of responsibility, and market benchmarks. <p>The above is stated in the Terms of Reference of the Remuneration Committee, and it is available on the Company's corporate website at http://www.techna-x.com.</p> <p>The last review of the Terms of Reference of the Remuneration Committee was done on 8 April 2022.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 7.2

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

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

Application :	Applied		
Explanation on application of the practice :	The Remuneration Committee is made up of the following composition:-		
	Name	Designation	Directorate
	Lim See Tow	Chairperson	Independent Non-Executive Director
	Zhai Baoxing	Member	Independent Non-Executive Director
	Balraj Singh Pannu A/L Gajjan Singh	Member	Independent Non-Executive Director
	The authority, duties, and responsibilities of the Remuneration Committee are clearly stated in its Terms of Reference, which are available on the Company's corporate website at http://www.techna-x.com .		
Explanation for departure :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure :			
Timeframe :			

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The details of the remuneration of the Directors of the Company for the financial year ended 31 December 2021 are disclosed hereunder:-

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	Executive Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Liu Guodong	Executive Director	-	-	-	-	-	-	-	-	-	344,166	-	-	-	344,166
3	Ahmad Rizan bin Ibrahim	Executive Director	-	-	36,667	-	-	4,704	41,371	-	-	36,667	-	-	-	41,371
4	Datuk Lim Chih Li @ Lin ZhiLi	Executive Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Lim See Tow	Independent Director	30,000	-	-	-	-	-	30,000	30,000	-	-	-	-	-	30,000
6	Zhai Baoxing	Independent Director	30,000	-	-	-	-	-	30,000	30,000	-	-	-	-	-	30,000
7	Balraj Singh Pannu A/L Gajjan Singh	Independent Director	30,000	-	-	-	-	-	30,000	30,000	-	-	-	-	-	30,000
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
Explanation on application of the practice	:	The remuneration for the top five (5) Key Senior Management in bands of RM50,000 for the financial year ended 31 December 2021 is disclosed hereunder:-	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Nik Haris Bin Nik Ibrahim	CFO of Energy Storage and Super Batteries Division	150,001-200,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	150,001-200,000
2	Nik Hisham Bin Nik Ibrahim	CEO of Data Analytics and Business Intelligence Division	150,001-200,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	150,001-200,000
3	Mohd Afdha Bin Md Yusof	COO of Data Analytics and Business Intelligence Division	100,001-150,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	100,001-150,000
4	Vince Ng Chee Seng	Head of IoT and Smart City Enablement Division	300,001-350,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	300,001-350,000
5	Lee Yew Jin	Head of Technology-Driven Food and Beverage Division	250,001-300,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	250,001-300,000

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit and Risk Management Committee is chaired by Ms. Lim See Tow, an Independent Non-Executive Director, while the Chairman of the Board is Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, who is an Executive Chairman.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Terms of Reference of the Audit and Risk Management Committee have indicated that the appointment of a former key audit partner, if any, as a member of the Audit and Risk Management Committee shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit and Risk Management Committee.</p> <p>None of the Audit and Risk Management Committee members were former key audit partners. Notwithstanding the above provision, the Audit and Risk Management Committee has no intention to appoint any former key audit partner as an Audit and Risk Management Committee member.</p> <p>The Terms of Reference of the Audit and Risk Management Committee is available on the Company's corporate website at http://www.techna-x.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit and Risk Management Committee has adopted a performance evaluation of External Auditors.</p> <p>The Audit and Risk Management Committee and the Management have conducted an annual assessment of the suitability and independence of the External Auditors, HLB AAC PLT, in respect of the financial year under review. As a result, the Audit and Risk Management Committee was satisfied with the performance and independence of the External Auditors as well as the fulfillment of criteria based on several factors, including quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with.</p> <p>HLB AAC PLT had also indicated to the Audit and Risk Management Committee in the audit planning memorandum and audit summary report that they had been independent throughout the audit engagement in respect of the financial year under review.</p> <p>Having considered all the above criteria, the Board had, upon recommendation by the Audit and Risk Management Committee, approved the recommendation for the re-appointment of HLB AAC PLT as the Company's External Auditors for the ensuing financial year in the forthcoming Sixteenth AGM.</p> <p>However, HLB AAC PLT had indicated their intention not to seek re-appointment as the Company's Auditors, and they will retire at the forthcoming Sixteenth AGM.</p> <p>Meanwhile, the Board reviewed the Audit and Risk Management Committee's recommendation and agreed to nominate the appointment of HLB Ler Lum Chew PLT as the new Auditors in place of the retiring Auditors, HLB AAC PLT, at the forthcoming Sixteenth AGM.</p>
Explanation for departure	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	Currently, the Audit and Risk Management Committee comprises three (3) Independent Non-Executive Directors, namely:- (a) Ms. Lim See Tow (Chairperson); (b) Mr. Zhai Baoxing; and (c) Mr. Balraj Singh Pannu A/L Gajjan Singh.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit and Risk Management Committee members collectively have the necessary skills and a wide range of experience and expertise to fulfil their duties and responsibilities.</p> <p>Based on the outcome of the performance assessment on the Audit and Risk Management Committee by the Nomination Committee, the Nomination Committee and Board were satisfied with the performance of the Audit and Risk Management Committee.</p> <p>The Audit and Risk Management Committee members received ongoing training and development as disclosed in the Company's Annual Report for the financial year ended 31 December 2021 to keep them updated on developments on financial standards.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility to maintain the internal control system and review its adequacy and integrity. The system is designed to manage rather than eliminate the risk of failure to achieve the Group's corporate objectives and only provides reasonable but not absolute assurance against any material misstatement or financial losses.</p> <p>Apart from financial controls, the Group's internal control system also covers operational and compliance controls and, most importantly, risk management. As part of the risk management process, the Board, assisted by the Audit and Risk Management Committee, continuously identifies, assesses, and manages significant business risks the Group faces throughout the financial year.</p> <p>The other key features of the Group's internal control system include the following:</p> <ul style="list-style-type: none">• An organisation structure with defined lines of responsibility and appropriate reporting structure, including proper approval and authorisation limits for approving capital expenditure and expenses within the Group;• Internal policies and procedures are documented and regularly reviewed and updated from time to time through a series of manuals and guidelines for all major operations of the Group;• Strategic planning and annual budgeting are undertaken for the key business units. Senior Management closely monitors the key performance indicators and financial and operating results to identify and, where appropriate, address significant variances;• The Internal Auditors, either from the internal audit department or outsourced professional firm, perform regular and systematic reviews throughout the financial year on the internal controls to assess and provide sufficient assurance on the effectiveness of the system of internal control and highlight significant risks impacting the Group with recommendations for improvement; and

	<ul style="list-style-type: none"> The Audit and Risk Management Committee regularly reviews reports issued by the Internal Auditors on a quarterly basis and annually reviews the adequacy of the Internal Auditors' scope of work and resources. 	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Statement on Risk Management and Internal Control furnished in the Annual Report provides an overview of the internal control within the Group during the financial year under review.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has combined both the Audit Committee and Risk Management Committee.</p> <p>The Audit and Risk Management Committee comprises three (3) Independent Non-Executive Directors, namely:-</p> <ul style="list-style-type: none">(a) Ms. Lim See Tow (Chairperson);(b) Mr. Zhai Baoxing; and(c) Mr. Balraj Singh Pannu A/L Gajjan Singh.

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Group is supported by an outsourced independent professional service provider and in-house Internal Audit Department to assist the Audit and Risk Management Committee as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's operations.</p> <p>The Internal Auditors perform regular and systematic reviews throughout the financial year on the internal controls to assess and provide sufficient assurance on the effectiveness of the internal control system and highlight significant risks impacting the Group with recommendations for improvement.</p> <p>The Audit and Risk Management Committee regularly reviews reports issued by the Internal Auditors on a quarterly basis and annually reviews the adequacy of the Internal Auditors' scope of work and resources.</p> <p>During the year under review, the Internal Auditors completed audit cycles focused on the following for the coke business: -</p> <ul style="list-style-type: none">• production safety management, quality control, production technology, and environmental issue;• accounting function, fund management, and document management;• procurement, logistics, and sales cycle; and• human resource management and update on corporate environmental protection. <p>In addition, Talent League Sdn. Bhd. had conducted an internal audit on the four (4) subsidiaries involved on the Internet of Things, Smart City, Business Analytics, and Technology-Driven Food and Beverage segments. The Internal Auditors' Report was presented to the Audit and Risk Management Committee on a quarterly basis. The current year's internal audit scopes included internal control review, human resource management, business development processes, financial reporting, and fixed assets management.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Auditor, Mr. Lin Ling Ping, who is responsible for the internal audit function for the coke business, has no relationships with the Company or conflict of interests. He has more than 10 years of working experience as an audit manager in Shandong Futong Agricultural Property Development Co., Ltd before joining the Company in 2017. The Internal Auditor reports directly to the Audit and Risk Management Committee. The quarterly internal audit reports were prepared in accordance with the internal audit plan approved by the Audit and Risk Management Committee in advance.</p> <p>Besides Mr. Lin Ling Ping, the Group has also outsourced its internal audit function of the subsidiaries in Malaysia to an independent professional firm, Talent League Sdn. Bhd., a boutique corporate and management consulting company during the financial year. The engagement team is headed by an Engagement Director, Mr. Roy Thean, a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, and Institute of Internal Auditors Malaysia. All the internal audit personnel involved are free from any relationships or conflicts of interest, which could impair their objectivity and independence, and they have the competency to meet the requirement of the Audit and Risk Management Committee.</p> <p>All the internal audit personnel are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors Malaysia to carry out their internal audit function.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company recognises the importance of timely and thorough disseminating information on all material business and corporate developments to the shareholders and investors.</p> <p>The Company keeps shareholders informed by way of announcements and timely release of quarterly financial results, press releases, annual reports, and circulars to shareholders, should it be necessary.</p> <p>The Company's website, which is accessible at http://www.techna-x.com, allows all shareholders and investors access to information about the Company.</p> <p>Nevertheless, the AGM is the principal forum of dialogue with the Company's shareholders. It provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and better understand the Group's activities and performance.</p> <p>Any query and concern regarding the Group may be conveyed to the Company's Investor Relations via email or telephone as follows:-</p> <p>Telephone no. : 03-2702 4681</p> <p>Email : info@techna-x.com</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Fifteenth AGM was held on 30 June 2021, and the notice for the AGM was issued on 28 May 2021, which fulfilled the minimum 28 days notice period to be given to shareholders prior to the date of the AGM.</p> <p>The Company has complied with the statutory requirement regarding the timeline in sending out the AGM notice to shareholders all these years.</p> <p>The same practice will apply to future AGM of the Company. The Notice of AGM is published in a prominent local newspaper and made available to the public on the website of Bursa Securities. With the assistance of the Company Secretaries, the Board has ensured the Notice of AGM contained sufficient information related to the resolutions set out in the notice. As a result, the shareholders will have adequate preparation time to attend the AGM and make informed decisions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Questions from the floor during every AGM were always answered to the satisfaction of the shareholders without imposing any limits to the number of questions or subject matters raised.</p> <p>For the benefit of the shareholders attending the AGM, all questions raised by the Minority Shareholders Watch Group were answered and presented to the shareholders entirely during the AGM.</p> <p>Given the COVID-19 outbreak and having regard for the well-being and safety of the shareholders, the Company has conducted its Fifteenth AGM on an entirely virtual basis.</p> <p>Unfortunately, due to the internet connection and security issues, two (2) of the Directors based in the People's Republic of China could not participate in the Fifteenth AGM held virtually on 30 June 2021. Only four (4) out of six (6) Directors, all based in Malaysia, attended and participated in the virtual AGM.</p> <p>The Key Senior Management and External Auditors of the Company have also attended and will continue to attend the AGM, either on a physical or virtual basis, to respond to the shareholders' queries.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance with the Companies Act 2016 and the Company’s Constitution, the Company may convene a meeting of members at more than one venue using any technology or method that enables the Company’s members to participate and exercise the members’ rights to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia, and the Chairman shall be present at the main venue.</p> <p>The Company has successfully conducted its Fifteenth AGM on 30 June 2021 on an entirely virtual basis via Remote Participation and Electronic Voting (“RPV”) facilities through Securities Services e-Portal.</p> <p>The participants' identities were verified before they were allowed to participate in the virtual meeting. Personal data collected is strictly handled in full compliance with the Personal Data Protection Act. All typed in texts are filtered to ensure the offensive language used is being avoided.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: The RPV facilities utilised in the Fifteenth virtual AGM had enabled all shareholders and proxies to communicate with the Board of Directors or Senior Management via a real-time submission of typed texts through a text box within the Securities Services e-Portal during the live streaming of the AGM. During the Fifteenth AGM, shareholders could participate, speak, and vote remotely via the RPV facilities. In addition, the questions and/or remarks submitted by the shareholders and/or proxies were broadcasted and responded to by the Chairman/Board during the meeting. Any unanswered questions raised during the meeting will be followed up by the Company to ensure all questions receive a meaningful response.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The RPV facilities hosted on Securities Services e-Portal allowed all shareholders and proxies to communicate with the Board of Directors or Senior Management via a real-time submission of typed texts through a text box. All the questions and/or remarks submitted by the shareholders and/or proxies were broadcasted and responded to by the Chairman/Board/relevant adviser during the meeting. Any unanswered questions which were raised during the meeting will be followed up by the Company to ensure all questions receive a meaningful response.</p> <p>The Company has engaged SS E Solutions Sdn. Bhd. as the service provider of RPV facilities, namely Securities Services e-Portal. SS E Solutions Sdn. Bhd. has the required infrastructure and equipment to support a smooth broadcast of the general meeting and interactive participation by shareholders.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of the Fifteenth AGM and Extraordinary General Meeting (“EGM”) held on 30 June 2021 were uploaded onto the Company’s website at http://www.techna-x.com within thirty (30) days from the date of the Fifteenth AGM and EGM to benefit the shareholders who were unable to participate in the general meetings.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**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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