

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 0131  
**COMPANY NAME** : Divfex Berhad (formerly known as Diversified Gateway Solutions Berhad)  
**FINANCIAL YEAR** : June 30, 2022

### **OUTLINE:**

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

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

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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") of Divfex Berhad (formerly known as Diversified Gateway Solutions Berhad) ("DFX" or the "Company") is responsible for the overall governance of the Company and its subsidiaries (collectively known as the "Group") by ensuring that the strategic guidance and succession plan of the Group, the effective monitoring of management goals, accountability to the Group and shareholders, as well as ensuring that the Group's internal controls, risk management and reporting procedures are in place.</p> <p>The Board members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with the relevant rules and regulations, directives and guidelines. The Board members are attentive in applying high ethical standards in their decision-making, taking into account the interests of all stakeholders.</p> <p>The Board has a formal schedule of matters reserved to itself for decision. The core responsibilities of the Board include reviewing and approving the Group's business strategies and plans, significant policies and monitoring the Management's performance in implementing them.</p> <p>The roles, duties and responsibilities of the Board are clearly set out in the Board Charter. The Board Charter is available on the Company's website at <a href="http://www.divfex.com">www.divfex.com</a>.</p> <p>The Board has delegated some of its responsibilities to the Board Committees, namely Executive Committee, Audit and Risk Management Committee, Nominating Committee and Remuneration Committee. The roles and responsibilities of the Board Committees are set out in their respective terms of reference.</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

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 Board is chaired by Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, an Independent Non-Executive Chairperson who was appointed to the Board on 8 October 2018.</p> <p>The Chairperson presides over meetings of Directors and provides leadership to the Board in the effective discharge of its fiduciary duties to ensure the smooth functioning of the Board. The Chairperson is required, amongst others, to undertake the following duties and responsibilities:</p> <ul style="list-style-type: none"><li>• foster a democratic boardroom environment and facilitate the conduct of all Board meetings and also to encourage the active participation of Directors during Board meetings;</li><li>• manage the interface between the Board and Management and promote a positive and respectful relation between the Board and Management;</li><li>• act as the main representative of the Group alongside the Executive Vice Chairman and Executive Directors at meetings with shareholders and on other occasions where key or major actions are taken or statements are made on behalf of the Company/Group;</li><li>• lead the Board to ensure that the integrity and effectiveness of the governance process of the Board and the creation of an effective corporate governance system as well as ongoing education programmes for Directors;</li><li>• oversee and facilitate the Board, Board Committees and individual Director's evaluation alongside the Chairman of the Nominating Committee.</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>	:		
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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 1.3

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 Chairperson of DFX is Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP who is assisted by the Executive Vice Chairman, Dato' Dr Tan Seng Chuan whilst the position of the Group CEO was held by Mr. Kenny Chin Wui Chee, who has been redesignated and appointed as an Executive Director of the Company with effect from 25 April 2022.</p> <p>The Board recognises the importance of having a clear division of function and responsibilities of the roles of Chairperson, Vice Chairman, Executive Directors and Group CEO to ensure a balance of power and authority. The roles and responsibilities of the Chairperson, Executive Vice Chairman, Executive Directors and Group CEO are clearly established and set out in the Board Charter. Such division of roles and responsibilities ensures that there is no excessive concentration of power in these positions.</p> <p>Presently, the Chairperson leads the board in its collective oversight of management and the Group's overall strategic functions, whereas the Executive Directors focus on day-to-day management of the Group's business affairs and implementation of the Board's policies, strategies and decisions.</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

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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Chairperson of the Board, Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP is not a member of the Audit and Risk Management Committee, Nominating Committee or Remuneration Committee.</p> <p>The Chairperson of the Board is not involved in the aforesaid Board Committees to ensure that there is check and balance as well as objective review by the Board when deliberating on the observations and recommendations put forth by the Board Committees.</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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In discharging the Board's duties and oversight function, Directors have unrestricted access to the services of the Company Secretaries. The office of the Company Secretaries is jointly held by Ms. Lau Fong Siew (MAICSA 7045893) and Ms. Lau Choi King (MAICSA 7059575).</p> <p>As members of the Malaysian Institute of Chartered Secretaries and Administrator ("MAICSA"), the Company Secretaries are qualified and well-positioned to undertake their role. Both Company Secretaries fulfilled requirements on qualifications of company secretaries as enshrined in Section 235(2) of Companies Act 2016.</p> <p>The Companies Secretaries provide advice to the Board on corporate governance matters and assist the Board in ensuring compliance with the latest regulatory requirements. As members of a professional body, the Company Secretaries attend regular trainings and seminars to keep themselves abreast of the latest developments in the corporate governance realm.</p> <p>The Company Secretaries have attended and facilitated all Board and Board Committees meetings. In fulfilling their role, the Company Secretaries have ensured the timely and accurate record keeping of meeting minutes, which contain detailed proceedings of Board and Board Committee meetings.</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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The annual meeting calendar which includes scheduled dates for the meetings of the Board, Board Committees and Annual General Meeting ("AGM") is prepared and circulated to the Board before or at the beginning of each year in order to provide adequate time to the Directors to plan ahead and make the necessary arrangement for meeting attendance.</p> <p>The Board holds at least 5 scheduled meetings annually, with additional meetings for particular matters convened as and when necessary.</p> <p>Notice of Board or Board Committee meeting, which includes a formal meeting agenda, is distributed electronically to the Directors in a timely manner prior to the respective meeting. The notice of meeting is accompanied by the relevant meeting materials such as financial and operation report of each business unit, quarterly financial results, updates on regulatory requirements and accounting standards and any significant proposals. In preparing the Board papers, Management is mindful in ensuring that they are presented in a consistent, concise and comprehensive format to allow Directors to decipher and dissect the information efficiently.</p> <p>The minutes of meetings record the key deliberations and decisions of the Board and Board Committees, including dissenting views and abstention, if any and are circulated to the Directors for their comments and input. The said minutes would be confirmed and signed by the respective Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting of the Board and Board Committees.</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

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 Charter serves as the primary point of reference for the Board members of their fiduciary duties as Directors of the Company. It provides guidance and clarity regarding the roles and responsibilities of the Board and Board Committees, the requirements of Directors in carrying out their roles and discharging their duties towards the Company as well as the Board's operating practices.</p> <p>The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter was last reviewed and revised in August 2022 to incorporate the recommended practices in Malaysian Code on Corporate Governance 2021.</p> <p>The Board Charter is accessible to stakeholders and the general public via the Company's website.</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 strives to instill ethical values and standards across every level in the Group. In this regard, the Board has formulated and adopted a Code of Conduct and Ethics ("Code") which sets out the principles and standards of business ethics and conduct to be observed by all Directors and employees (including full time, probationary, contract, part time and temporary staff) of the Group.</p> <p>The Code is further supplemented with the adoption of the Anti-Corruption and Bribery Policy ("ACB Policy") in May 2020. The ACB Policy provides principles, guidelines and requirements on how to deal with bribery and corrupt practices that may arise in the course of daily business and operation activities within the Group.</p> <p>The Board reviews the Code and ACB Policy periodically to ensure they continue to remain relevant and appropriate. The Code and ACB Policy are available on the Company's website.</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 Company has established a Whistleblowing Policy and Procedures to provide a channel for its employees and stakeholders (“Whistleblower”) to report any malpractice or misconduct or any action that is or could be harmful to the reputation of the Group and compromise the interest of stakeholders. It affords an avenue to provide and facilitate a mechanism for any Whistleblower to report concerns about any suspected and/or known wrongdoing.</p> <p>The Whistleblowing Policy and Procedures outlines the whistleblowing procedure and designated channels for employees and other stakeholders to report any concerns regarding potential misconduct directly to their immediate line manager or Head of Department and up to the Chairman of the Audit and Risk Management Committee (“ARMC”). The ARMC as the oversight body of the Whistleblowing Policy and Procedures provides the required independence of the whistleblowing reporting mechanism. During the financial year, no whistleblowing complaint was received by the designated recipients.</p> <p>The Whistleblowing Policy and Procedures is available on the Company’s website.</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board reviews and oversees the implementation of the Group's strategic business plan to ensure that it supports long-term value creation and promotes sustainability, taking into consideration the stakeholder engagement, economic, environmental and social considerations.</p> <p>The Senior Management are accountable to the Board and their duties include integrating sustainability considerations, implementing sustainability initiatives in the day-to-day operations of the Group and ensuring the effective implementation of the Group's sustainability strategies and plans.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Sustainability strategies, priorities and targets have been integrated into the mission and strategic plan of the Group and communicated to the employees. The employees are made aware that sustainability will be the value driver of the Group and forms part of the Group's business model going forward.</p> <p>The Annual Report 2022 of the Company includes a Sustainability Statement which serves as a main communication tool of the Group's sustainability to both internal and external stakeholders.</p> <p>Besides our publicly available Sustainability Statement, the Company also engages with our stakeholders on sustainability matters through other platforms and channels such as AGM and Extraordinary General Meeting. The Company aims to abide by the best practice sustainability guidelines and to ensure all our stakeholders are aware and fully informed of our commitment towards good Environmental, Social and Governance ("ESG") practices across all our operations.</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 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board and Senior Management of the Group have been afforded the opportunity to upskill and keep themselves abreast with the market and regulatory changes, including sustainability issues such as climate-related risks and opportunities, through the various training programmes and engagements.</p> <p>The Board recognises the importance of ESG issues and will continue keeping themselves abreast with the latest developments in sustainability related matters.</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 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Nominating Committee ("NC") is responsible for the Board Effectiveness Evaluation ("BEE") exercise, which is to be carried out annually, covering the Board, Board Committees and individual Directors, including Independent Directors.	
		The BEE for the financial year 2022 was conducted internally and facilitated by the Company Secretaries which focuses on the character, experience, integrity, competence, time commitment, skills and etc. of the Directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The NC along with the Company Secretaries will update the performance evaluation to include this criterion in year 2023 evaluation forms.	
<b>Timeframe</b>	:	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.*

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

### Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year, the Nominating Committee ("NC") undertook an annual review of the composition of the Board and was satisfied with the size, balance and composition of the Board which fairly demonstrate an appropriate mix of skills, knowledge, experience and strength for the Directors to discharge their duties and responsibilities.</p> <p>The NC also reviewed the tenure of each Director annually and assessed the Directors who are seeking for re-election at the AGM. During the financial year, the NC was satisfied that the Directors concerned had respectively met the criteria of character, experience, knowledge, integrity, competency and time commitment to effectively discharge their roles and duties as Directors; and therefore, recommended such re-elections to the Board for endorsement and to seek shareholders' approval at the 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

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Following the redesignation and appointment of Mr. Kenny Chin Wui Chee as an Executive Director during the financial year, the Board of DFX presently comprises nine (9) members as follows:-</p> <ul style="list-style-type: none"><li>➤ Four (4) Executive Directors;</li><li>➤ Four (4) Independent Non-Executive Directors; and</li><li>➤ One (1) Non-Independent Non-Executive Director.</li></ul> <p>The current Board composition complies with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad whereby at least two (2) or one-third (1/3) of the Board members, whichever is the higher, must be independent directors.</p> <p>The Board recognises the value of having a majority of Independent Directors on the Board in promoting objectivity during boardroom deliberations and impartiality in the decision-making process. The presence of majority Independent Directors provides the necessary counterweight for Directors to encourage, support and drive each other in promoting the value creation and sustainability of the business. In striving towards applying this Practice, the Board is careful not to compromise on the business imperative by making unwieldy changes to its composition.</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>	:	The Board, with the assistance of the Nominating Committee, will strive to source for suitable candidates that can reinforce the independence of the Board and contribute to the effective governance of the Group. The Board will focus on enlisting Independent Directors who possess strong business acumen that is conflated with a sound understanding of the Group's business.
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the tenure of the Independent Director of the Company exceeds a cumulative term limit of 9 years.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.4 - 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.*

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC undertakes an annual review of the composition of the Board with a view to promote a healthy level of diversity from the aspects of gender, age, ethnicity, skills, qualifications and experiences.</p> <p>The NC is also responsible for screening, nominating, assessing and recommending suitable candidates for appointment as new Directors/Committee member/Senior Management either to fill a vacancy or as an additional member of the Board/Board Committee/Senior Management.</p> <p>In evaluating the suitability of candidates, the NC considers the following factors before recommending to the Board for appointment:-</p> <ul style="list-style-type: none"><li>➤ Skills, knowledge, expertise and experience;</li><li>➤ Time commitment to effectively discharge his/her role as a Director;</li><li>➤ Character, integrity and competence; and</li><li>➤ In the case of candidates for the position of Independent Non-Executive Directors (“INEDs”), the NC shall also evaluate the candidates’ ability to discharge such responsibilities/functions as expected from INEDs.</li></ul> <p>The effectiveness of the Board is assessed in the areas of the Board’s responsibilities and composition, contribution and performance, administration and conduct, interaction and communication with Management and Board engagement.</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is delegated with the responsibility to identify, assess and recommend suitable candidates for directorship in the Board.</p> <p>In identifying new Board members, the NC seeks recommendations for candidates from the existing Board members, Management and major shareholders as well as independent external referrals and search firms. The NC will ensure that the recommended candidates are suitable and of sufficient calibre before recommending their appointment to the Board.</p> <p>Mr. Kenny Chin Wui Chin, the former Group CEO, was redesignated and appointed as an Executive Director during the financial year ended 30 June 2022 at the recommendation of the Executive Vice Chairman.</p> <p>Nevertheless, the Board is open to leveraging on third party sources such as independent search firms and directors' registries in order to "cast a wider net" and gain access to a wider talent pool that would otherwise be beyond the Board's radar.</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC assessed the performance of the Directors who are due for retirement in accordance with the Company's Constitution and have offered themselves for re-election through the annual evaluation and recommended their re-election to the Board for endorsement.</p> <p>The profiles of the retiring Directors, which include their qualifications, experience, external directorships, interest and relationship that may be relevant for the shareholders to make informed decision are set out in the Annual Report 2022 of the Company.</p> <p>A statement by the Board and NC being satisfied with the performance and contribution of the retiring Directors who have offered themselves for re-election is stated in the statement accompanying the Notice of 17th 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**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NC is chaired by Dr. Tang Pen San, an Independent Non-Executive Director.</p> <p>The Board is cognisant that an effective evaluation, recruitment and remuneration process of Directors is essential for a high performing Board and views that Dr. Tang, who is an Independent Director is suitably qualified to lead the conduct of the NC in an effective and objective manner.</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 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>Currently, there are two (2) female Directors on the Board of DFX, representing 22.2% of the total Board members which is marginally lower than the recommendation.</p> <p>The Board acknowledges the need for gender diversity for good governance practices and to bring a variety of perspectives to Board deliberation and decision-making.</p> <p>The Board believes that while it is important to promote gender diversity, it decided not to set specific targets to fill the quota gender diversity. Rather, the selection criteria of Director is based on an effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board.</p>	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to ensure the appointments made to the Board and Senior Management are based on objective criteria and merit, and without discrimination on gender, age or cultural background. The Board recognises the importance of diversity in terms of a broad range of skills, competence, experience, background and gender to ensure its effectiveness towards the long term success of the Group.</p> <p>This is disclosed in the Corporate Governance Overview Statement in the Company's Annual Report 2022.</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

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

## Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The NC is responsible for the Board effectiveness evaluation exercise, covering the Board, Board Committees and individual Directors.  Based on the outcome of the annual review carried out by the NC, the Board was satisfied that the existing size and composition of the Board and Board Committees had fulfilled the criteria required and possess a right blend of knowledge, experience, appropriate mix of skills and other core competencies required for the Board and Board Committees to carry out their responsibilities. The Independent Directors were assessed to be objective and independent in exercising their judgement.  The Board effective evaluation for the financial year ended 30 June 2022 was conducted internally and facilitated by the Company Secretaries. It was conducted based on a combination of self & peer assessment by each and every Director via customized questionnaires, which are premised on qualitative and quantitative criteria such as contribution, business acumen, specific competencies and meeting attendance.
<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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Policy to determine the remuneration of Directors and Senior Management, taking into account the demands, complexities and performance of the Company as well as skills and experience required in discharging their duties and responsibilities.</p> <p>The objective of the Remuneration Policy is to attract, retain and motivate high calibre Directors and Senior Management to manage the business of the Group for long-term success as well as to deliver value for shareholders.</p> <p>The remuneration of the Executive Directors and Senior Management is structured as to link rewards to corporate and individual performance and take into account similar package at comparable companies of similar size and/or in the same industry. In the case of the Non-Executive Directors, the level of remuneration reflects the experience, competence, expertise, time commitment and level of responsibilities undertaken by the particular Non-Executive Director concerned.</p> <p>The Remuneration Committee ("RC") assists the Board in implementing its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and Senior Management. The remuneration of the Executive Directors and Senior Management is approved by the Board as a whole. As for the remuneration of Non-Executive Directors, upon the endorsement of the recommendation by the RC, the Board will propose the remuneration, with or without adjustment, for approval by the shareholders at AGM. Interested Directors shall abstain from all deliberation and voting when matters affecting their own remuneration are considered.</p> <p>The Remuneration Policy is available on the Company's website.</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 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The RC consists of three (3) members with a majority of them being Independent Directors.</p> <p>The RC is delegated with the responsibility to provide oversight on remuneration matters pertaining to the Directors and Senior Management, including to review and recommend the remuneration structure and policy for Directors and to review changes to the policy, where applicable. The RC ensures that the Directors and Senior Management are fairly remunerated for their individual contributions to the Company's overall performance and their level of remuneration should be sufficient to attract, retain and motivate talents to run the Company successfully.</p> <p>The duties and responsibilities of the RC are set out in its terms of reference which is available on the Company's website.</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**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The remuneration of individual Directors, including fees, salary, bonus, benefits in-kind and other emoluments for the financial year ended 30 June 2022 is set out in the prescribed table below.

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	Dato' Dr Tan Seng Chuan	Executive Director	72,000	-	-	-	-	-	72,000	-	-	-	-	-	-	-
2	Dato' Wong Gian Kui	Executive Director	72,000	-	-	-	-	-	72,000	-	-	-	-	-	-	-
3	Wan Mai Gan	Executive Director	12,000	6,000	103,023	-	-	20,433	141,456	-	-	-	-	-	-	-
4	Kenny Chin Wui Chee (redesignated and appointed on 25 April 2022)	Executive Director	12,000	7,000	-	-	-	135	19,135	-	-	-	-	-	-	-
5	Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	Independent Director	72,000	8,000	-	-	-	-	80,000	-	-	-	-	-	-	-
6	Monteiro Gerard Clair	Non-Executive Non-Independent Director	48,000	8,000	-	-	-	-	56,000	-	-	-	-	-	-	-
7	Chow Seck Kai	Independent Director	72,000	11,500	-	-	-	-	83,500	-	-	-	-	-	-	-
8	Dr Tang Pen San	Independent Director	66,000	11,000	-	-	-	-	77,000	-	-	-	-	-	-	-
9	Rajendran A/L Velayuthan	Independent Director	72,000	11,500	-	-	-	-	83,500	-	-	-	-	-	-	-

\*Include defined contribution plans

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board is of the view that the disclosure of the Senior Management's remuneration on named basis would not be in the best interest of the Group given the competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, where poaching by recruitment service provider has become common now.</p> <p>The Board believes that the non-disclosure of remuneration of the Senior Management personnel who are not Directors of the Company will not prejudice the interest of the shareholders of the Company.</p> <p>The Board will ensure that the remuneration of the Senior Management of the Company and the Group commensurate with their level of duties and responsibilities and against the Company's and the Group's performance.</p>	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The ARMC is chaired by Mr. Chow Seck Kai, an Independent Non-Executive Director who is not the Chairman of the Board. Having the positions of the Chairman of the Board and Chairman of ARMC held by two (2) different Directors allows the Board to objectively review the findings and recommendations of the ARMC.</p> <p>Mr. Chow is a Fellow of the Institute of Public Accountants, Australia and he possesses sound financial understanding suitable to helm the position of Chairman of the ARMC and to lead the discussions and deliberations of the ARMC.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	It is stated in the ARMC’s terms of reference that no former key audit partner shall be appointed as a member of ARMC before observing a cooling-off period of at least three (3) years.  None of the members of ARMC is a former key audit partner of the external audit firm.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, through the ARMC, maintains an appropriate, formal and transparent relationship with the external auditor and has adopted a Policy on External Auditor which outlines the guidelines and procedures for the ARMC to assess and monitor the external auditor in order to preserve the integrity and credibility of the external audit process. The Policy on External Auditor is available on the Company's website.</p> <p>The ARMC reviews and assesses the performance of the external auditor on an annual basis after completion of the year-end audit. The ARMC evaluated the performance, suitability and independence of the external auditor for the financial year ended 30 June 2022 based on a number of criteria including but not restricted to:-</p> <ul style="list-style-type: none"><li>➤ The overall comprehensiveness of the external audit plan;</li><li>➤ The timeliness and quality of communication promised under the plan and delivered during the audit;</li><li>➤ The competency and industry knowledge of external audit staff; and</li><li>➤ The adequacy of resources to achieve the scope as outlined in the audit plan.</li></ul> <p>For the financial year ended 30 June 2022, the ARMC was satisfied with the suitability, objectivity and independence of the external auditor, Grant Thornton Malaysia PLT ("GTM") throughout the conduct of the audit process and made its recommendation for the re-appointment of GTM as the external auditor of the Company for the ensuing year to the Board. At the ARMC's recommendation, the Board has approved the proposal to seek shareholders' approval for the re-appointment of GTM as the external auditor for financial year 2023 at the forthcoming AGM.</p>
<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**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The ARMC of DFX comprises solely of Independent Non-Executive Directors.

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the ARMC collectively possess the necessary skills and knowledge to meet their responsibilities and to discharge their duties effectively. Mr. Chow Seck Kai, the Chairman of ARMC, is a Fellow of the Institute of Public Accountants, Australia. The qualification and experience of the individual ARMC members are disclosed in the Profile of Directors in the Annual Report 2022.</p> <p>The Board, through the Nominating Committee, had assessed the terms of office and performance of the ARMC and each of its members and was satisfied that the ARMC and its members have discharged their functions, duties and responsibilities in accordance with the terms of reference, and supported the Board in ensuring that the Group upholds appropriate Corporate Governance standards.</p> <p>The ARMC members have and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the trainings attended by the ARMC members are provided in the Corporate Governance Overview Statement in the Annual Report 2022.</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

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board affirms its responsibilities for the Group's system of internal control, which includes the establishment of an effective control environment and appropriate internal control framework as well as review its adequacy and integrity. This system is designed to identify and manage risk facing the business and covers financial, organisational, operational and compliance controls to safeguard shareholders' investment and the Group's assets.</p> <p>The Group has in place a risk management framework which incorporates, amongst others, a structured process of identifying, evaluating and prioritising risks, as well as clearly defining the risk responsibilities and escalation process of significant risks and enterprise risk management oversight framework.</p> <p>The ARMC, as the Board's delegate, is responsible for providing oversight on the Group's risk management and internal control framework and for reporting to the Board in a timely manner on the key risks facing the Group, changes to the risk profile as well as action plans to manage these risks.</p> <p>Detailed disclosure on the Group's risk management and internal control framework is narrated in the Statement on Risk Management and Internal Control contained within the Annual Report 2022.</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

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has provided detailed disclosure on the features of the Group's risk management and internal control framework together with an assessment of its adequacy and effectiveness in the Statement on Risk Management and Internal Control contained within the Annual Report 2022.  The Statement amongst others articulates the varying responsibilities for risk management across the different levels of employees as well as information pertaining to the internal audit function.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 10.3 - 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 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Group is outsourced to a professional firm of auditors, Crowe Governance Sdn Bhd, who reports directly to the ARMC. The outsourced Internal Auditor performs its function with impartiality, proficiency and due professional care. It undertakes regular monitoring of the Group's key controls and procedures, which is an integral part of the Group's system of internal control.</p> <p>The ARMC is delegated with the responsibility of overseeing the internal audit function to ensure it remains effective and independent. The ARMC reviews and subsequently approves the annual Internal Audit Plan. The ARMC also reviews and approves the internal audit fees and ensures that the Internal Auditor has adequate resources to perform its duties with objectivity and without undue influence from any third parties.</p> <p>All internal control deficiencies identified in the course of audit are reported to management. The internal audit reports containing audit findings, improvement opportunities, management response and corrective measures taken are presented to the ARMC for review and deliberation. The Internal Auditor also conducts follow-up audits and update the ARMC on the progress of each recommendation and corrective measure taken as recommended by the audit findings.</p> <p>Further details of the internal audit activities are disclosed in the ARMC Report in the Annual Report 2022.</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

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

### Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The outsourced Internal Auditor, Crowe Governance Sdn Bhd, confirmed that they are free from any relationships or conflict of interest that could impair their subjectivity and independence. There are at least 3 internal audit staffs assigned to the conduct of internal audit within the Group. The outsourced internal audit team is led by Mr. Amos Law, a Certified Internal Auditor, Certification in Risk Management Assurance, who is also a Chartered Member of The Institute of Internal Auditors Malaysia. He holds a Bachelor Degree in Accountancy & Finance from Heriot-Watt University. The internal audit function is carried out and guided by the International Professional Practices Framework issued by IIA Inc.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of effective, transparent and proper dissemination of information to its shareholders and other stakeholders. The Company keeps shareholders and the public informed via announcements and timely release of quarterly financial reports, press releases, annual reports and circulars to the shareholders via Bursa Malaysia Securities Berhad's website.</p> <p>Shareholders and members of the public may also obtain information on the Group's operations, activities, products and services, as well as press releases, announcements and financial information etc. from the Company's website and/or social media platforms. The Company has established a dedicated section 'Investors Relation' at <a href="http://www.divfex.com">www.divfex.com</a> to support communication with shareholders and the general public.</p> <p>Shareholders are presented with an overview of the Group's results, business activities and prospects at every AGM of the Company. The Company's AGM has always been well attended and serves as a principal forum for dialogue and interaction with the shareholders. The Chairperson invites the shareholders to raise any questions that they may have in respect of the Group's businesses, financial performances and prospects.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.2

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 has not adopted integrated reporting for the financial year ended 30 June 2022 as DFX is not categorised under "Large Companies" as defined in the MCCG.  The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>It has been the Company's practice to serve notice of AGM to all shareholders of the Company at least 28 days prior to the AGM to provide the shareholders sufficient time to consider the proposed resolutions.</p> <p>The forthcoming 17<sup>th</sup> AGM of the Company will be convened on 8 December 2022 and the notice of AGM has been sent to the shareholders on 31 October 2022 which is more than 28 days prior to the 17<sup>th</sup> AGM. The explanatory notes to the notice of AGM provide detailed explanations for the resolutions proposed, to enable the shareholders to make informed decisions in exercising their voting rights.</p> <p>A letter/email has been sent to all shareholders notifying them that the Annual Report 2022, Circular to Shareholders, notice of AGM, proxy form and administrative guide can be downloaded from the Company's website. In addition, the notice of AGM will be published in a nationally circulated newspaper.</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 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All members of the Board attended the last AGM held on 9 December 2021 which was conducted on a fully virtual basis which allowed shareholders' participation and voting in absentia without the physical presence of the shareholders. The members of the Board, the Board Committees and the Senior Management were in attendance, either physically at broadcast venue or joined remotely to respond to the shareholders' questions and suggestions with the presence of the Company's external auditor.</p> <p>A summary of key matters discussed during the previous AGM has been made available on the Company's website in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company had leveraged on technology to conduct its 16<sup>th</sup> AGM on 9 December 2021 on a fully virtual basis through live streaming and online remote voting using the remote participation and voting facilities (“RPV”) via the online meeting platform at <a href="https://tiih.online">https://tiih.online</a> provided by Tricor Investor &amp; Issuing House Services Sdn Bhd (“Tricor”). This enabled all shareholders and proxies, particularly individual not residing in the Klang Valley, to participate and vote remotely at the AGM of the Company and also submitted questions to the Board in the form of real time submission of typed texts.</p> <p>Tricor has put in place good cyber hygiene practices to ensure data privacy and security to prevent cyber threats. TIIH has implemented an IT policy and Information Security policy, endpoint controls, data classification for cyber hygiene practices of the staff. Stress test and penetration testing have been performed on TIIH Online in May 2021 to test its resiliency. To provide further assurance to the public Tricor is ISO27001 certified in October 2021. TIIH Online is hosted in a secure cloud platform and the data centre is ISO27001 certified.</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 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company conducted its 16<sup>th</sup> AGM on 9 December 2021 virtually, which facilitated the shareholders to submit their questions electronically through the online platform provided by the appointed poll administrator, Tricor via TIH Online website at <a href="https://tiah.online">https://tiah.online</a> prior to the AGM, or used the query box for real-time submission of questions and suggestions to the Board during live streaming of the AGM.</p> <p>During the AGM, the Chairperson informed the shareholders and proxies of their right to vote and pose questions on the resolutions set out in the notice of AGM. Ample time was allocated for the questions and answer session. All questions submitted in advance of the AGM and questions posed by shareholders and proxies during the AGM were adequately addressed and answered by the Board. The questions were generally related to the Group's operations, business strategy and future prospect/outlook. All key matters discussed at the AGM have been published on the Company's website.</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 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>In view of the Covid-19 health concerns, the Company had leveraged on technology by conducting the 16<sup>th</sup> AGM on a fully virtual basis through live streaming and online remote voting using RPV provided by Tricor via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>. The use of RPV enabled shareholders to fully participate in the proceedings without the need to be physically present at the meeting venue, thereby ensuring the health and wellbeing of all meeting participants. The RPV facility also provided shareholders sufficient time to pose questions as these questions can be submitted through TIIH Online website days ahead of the AGM.</p> <p>The Company will continue to conduct the 17<sup>th</sup> AGM via the use of RPV facilities provided by Tricor to enable greater shareholder participation and to facilitate robust discussion at the AGM. The TIIH Online platform has a successful track record of hosting AGMs for a number of listed companies in Malaysia and is robust enough to meet the needs of the Company to ensure greater shareholder participation in the 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 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company published its Key Matters Discussed at the 16 <sup>th</sup> AGM on the Company's website within reasonable and practicable timeframe in accordance with Rule 9.21(2)(b) of the Listing Requirements. The Key Matters Discussed is a summary of the issues pertaining to the Company's operations, performance, direction and future prospects that were raised by shareholders and other stakeholders prior to and during the AGM.
	:	The Board acknowledges the recommendation under this Practice, and will endeavor to publish the minutes of the general meeting on the Company's website no later than 30 business days after the general meeting.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Within 1 year

**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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