

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0089
COMPANY NAME : TEX CYCLE TECHNOLOGY (M) BERHAD
FINANCIAL YEAR : December 31, 2025

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	:	The principal roles and responsibilities assumed by the Board are as follows: a. Reviewing and providing guidance on the Company's and the Group's annual budgets, development of risk policies, major capital expenditures, acquisitions and disposals; b. Monitoring corporate performance and the conduct of the Group's business and to ensure compliance with best practices and principles of corporate governance; c. Identifying and implementing appropriate systems to manage principal risks. The Board undertakes this responsibility through the Audit Committee; d. Reviewing and ensuring the adequacy and soundness of the Group's financial system, internal control systems and management information system and that they are in compliance with the applicable standards, laws and regulations; e. Ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the caliber of the Independent Non-Executive Directors bring independent judgment in the decision-making process; f. Ensuring a proper succession plan is in place; g. Monitoring major litigation; h. Approving all financial reports to be published and related announcements to Bursa Malaysia Securities Berhad; i. Monitoring other material reporting and external communications by the Group; j. Approving the dividend policy and payment of dividends; k. Appointing external auditors (subject to shareholders' approval); and l. Considering and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.

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 1.2

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	:	The Chairman of the Board, Datuk Low Chin Koon provides effective leadership to the Board, guiding the vision, strategic direction and business development of the Group. At the same time, the Chairman is supported by the independent advice and perspectives from the other Independent Directors, ensuring the necessary checks and balances in the Board’s decision-making process.	
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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	To ensure balance of power and authority, accountability and independent decision making, there is a clear demarcation of responsibilities between the Chairman and the Chief Executive Officer whom are held by two different individuals. The Chairman of the Board, Datuk Low Chin Koon was appointed upon taking into account his vast experience in areas of business management. The Chairman is responsible for providing leadership to the Board, ensuring its effective functioning and fostering a collaborative and productive environment. The Group Chief Executive Officer, Mr. Gary Dass A/L Anthony Francis, is responsible for the day-to-day management of the operations of the Group, cascading and implementing the Group's policies, business direction and development of 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

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, Datuk Low Chin Koon is not a member of the Audit Committee, Nominating Committee or Remuneration Committee.
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	:	The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's constitutions, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the Listing Requirements are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.	
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 1.6

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	:	The requisite notice and agenda were circulated to the Board members at least seven (7) days prior to the scheduled meetings in accordance with the Constitution of the Company whilst the meeting papers were distributed before the scheduled meetings. This is to ensure that the Directors are given sufficient time to read the Board papers and seek any clarification that they may need from Management or to consult the Company Secretaries or independent advisers before the Board meetings, if necessary. This enables the Directors to discuss the issues effectively at the Board meetings. The Board has access to all information within the Company to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties. All Directors have direct access to the advice and services of the Company Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Remuneration Committee and Nominating Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings. When necessary, all Directors may, whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated. The Directors may consult the Chairman or other Board members prior to seeking any independent professional advice.

	The proceedings and relevant resolutions passed at the Board meeting are duly recorded by the Company Secretaries, and properly documented and filed in the Minutes Book maintained at the Registered Office 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

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	:	The Company has formalised and adopted a Board Charter which sets out a list of specific roles and functions which are reserved to the Board and other matters that are important for good corporate governance. The Board Charter is accessible through the Company's website at https://www.texcycle.com.my/investor-relations/ and will be reviewed from time to time to ensure it remains consistent with the Board's objectives, responsibilities and practices. The last review of the Board Charter was conducted on 12 August 2025.
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	:	The Company has adopted the Code of Conduct for the Directors and Senior Management ("Code of Conduct") in year 2021. The Code of Conduct covers the principles of conflict of interest, insider dealings, integrity, compliance with laws etc. The details of the Code of Conduct are available for reference at the Company's website at https://www.texcycle.com.my/investor-relations/. The Directors are expected to conduct themselves with the highest ethical standards and professionally at all times to promote and protect the reputation and performance 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

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	:	The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The main objectives of the policy are: • Be committed to the Company's business ethics of Honesty, Integrity and Transparency; • To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and • To uphold the moral duty being a Company by protecting the interest of all its stakeholders. The last review of the Whistle-blowing Policy was conducted on 12 August 2025. The details of the Whistle-blowing Policy are available for reference at the Company's website at https://www.texcycle.com.my/investor-relations/.
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 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	:	Applied
Explanation on application of the practice	:	The Board understands the importance of the pertinent environmental, social, and governance ("ESG") factors on affecting the Group's performance and has been actively taking in the sustainability in every decision-making process. The Board and management have been continuously engaged and considered the views of its internal and external stakeholders to better understand and manage the Company's sustainability risks and opportunities. The sustainability matters are discussed in the Sustainability Report of the Annual Report 2025.
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 4.2

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	:	Applied	
Explanation on application of the practice	:	The Board recognises the importance of promoting good corporate governance in the application of sustainability practices throughout the Company. The Board regularly reviews the strategic direction of the Company and the progress of the Company's operations, taking into account changes in the business environment and risk factors such as level of competition. The employees are aware of the Company's approach towards sustainability. The progress of the Company's efforts and initiatives in integrating sustainability into every aspect of its operations can be found in the Sustainability Report of the Annual Report 2025.	
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 4.3

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 should have sufficient understanding and knowledge of sustainability issues that are relevant to the Company and its business, to discharge its role effectively. The Board ensures that the strategy of the Company and the sustainability efforts are aligned. To accomplish the Company's transparency, the Board encourages open communications with all key stakeholders built on high levels of information disclosure, clarity, and accuracy as well as an openness to recognising faults and improving practices. Information on the Group's risks and how they managed the risk is presented in the Sustainability Report of the Annual Report 2025.
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	:	Applied	
Explanation on application of the practice	:	The Board and senior management play an important role in addressing material sustainability risks and opportunities. The yearly performance evaluations of the Board and senior management are not only focused on the financial performance of the Company, but also cover other non-financial aspects, including sustainability reviews.	
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 4.5- 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	:	As at 31 December 2025, the Board consists of five (5) members, comprising the Independent Non-Executive Chairman, one (1) Executive Director and three (3) Independent Non-Executive Directors. During the year under review, the Nominating Committee ("NC") assessed the composition of the Board and was satisfied that the Board has the appropriate mix of expertise and experience. The findings from the evaluation process were discussed by NC and reported to the Board. The NC also reviewed and conducted the assessment of the directors for appointment and re-election, and the tenure of directors on merit based. The re-election of Datuk Low Chin Koon and Ms Ho Ai Hoon will be proposed at the coming 22nd Annual General Meeting of the Company for shareholders' approval.
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	:	Applied	
Explanation on application of the practice	:	As at 31 December 2025, the Board comprised five (5) members, consisting the Independent Non-Executive Chairman, one (1) Executive Director and three (3) Independent Non-Executive Directors.	
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

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	:	Applied	
Explanation on application of the practice	:	During the financial year under review, none of the Independent Directors served on the Board for more than nine (9) years.	
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

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.

<i>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.</i>	
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	:	The Board has established the Nominating Committee to exercise the function of making recommendation for the appointment of Board members and key senior management ensuring that the Board comprises individuals with the requisite skills, knowledge, qualities and experience. Taking cognizance of the values of human capital and talent management in the growth and sustainability of the Group, the Board of Directors, with the advice of Nominating Committee, are responsible for the identification and development of the key Senior Management, as well as to review the succession planning for key management team from time to time. In selecting the appropriate candidates, the Board of Directors take into account the candidate's qualification, experience, competency and character. Newly appointed key senior management will have to undergo induction training and/or any other programs.
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 5.6

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	:	Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the Nominating Committee. Potential candidates may be proposed by any current Board member, shareholder or senior management personnel or by utilising independent sources such as recruitment firms or through industry associations. In considering potential candidates for appointment, the Nominating Committee undertakes a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.	
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 5.7

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	:	The Company will release immediate announcement to Bursa Malaysia Securities Berhad on the appointment of new Directors. The information of the new Director will be available at the website of Bursa Malaysia Securities Berhad and the Company. The profile of the Directors who are due for retirement, being eligible, have offered themselves for re-election, can be found in the Annual Report 2025. A statement by the Board and the Nominating Committee, being satisfied with the performance and effectiveness of the retiring Directors, is stated in the notes accompanying the Notice of 22nd Annual General Meeting. The Directors' profile, fees received from the Company and interest in the Company are entailed in the Annual Report 2025 to ensure that the shareholders have the information they required to make an informed decision on the re-election of the retiring Directors.
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 Nominating Committee comprises exclusively of Independent Non-Executive Directors. Currently, the Nominating Committee is chaired by Datuk Tee Siew Kiong, an Independent Non-Executive Director.	
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

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	:	Applied	
Explanation on application of the practice	:	During the financial year under review, the Board has appointed an additional female director, namely Ms Lim Sook Yee, increasing the number of female Directors to two (2), which represents 40% of the Board.	
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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently does not have a formal policy on its boardroom or gender diversity. The evaluation and selection criteria of a Director are very much dependent on the effective blend of knowledge, skills, competencies, experiences and time commitment of the new Board member. Nonetheless, the Board is supportive of gender diversity in the Boardroom composition as recommended by the Code and will endeavour to consider suitable and qualified female candidates for appointment to the Board.	
		During the financial year under review, there were two (2) women directors on the Board.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	The Nominating Committee annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors, in order to verify that the Board is functioning appropriately as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.
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 7.1

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	:	The Board has adopted a remuneration policy for its Directors. The remuneration is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The Remuneration Committee oversees the remuneration of Directors. The Directors' remuneration is in line with the Board's aim to retain, attract and reward talent based on industry benchmarks.
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 was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its Terms of Reference which is available on the Company's website at https://www.texcycle.com.my/investor-relations/ .	
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

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	:	In line with the best corporate governance practice, the detailed disclosure on named basis for the Directors' remuneration of individual directors comprising remuneration received/receivable from the Company respectively for the financial year ended 31 December 2025 is shown in the table below as well as in the Corporate Governance Overview Statement of the Annual Report 2025.

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	Datuk Keh Chuan Seng (Resigned on 22 March 2025)	Executive Chairman	6,000	2,800	-	-	-	-	8,800	6,000	2,800	90,000	-	-	11,255	110,055
2	Lee Hai Peng	Executive Director	36,000	6,600	-	-	-	-	42,600	36,000	6,600	432,000	195,000	-	76,549	746,149
3	Datuk Low Chin Koon (Redesignated on 7 April 2025)	Independent Chairman	57,500	9,200	-	-	-	-	66,700	57,500	9,200	-	-	-	-	66,700
4	Ho Ai Hoon	Independent Director	50,000	10,600	-	-	-	-	60,600	50,000	10,600	-	-	-	-	60,600
5	Datuk Tee Siew Kiong	Independent Director	50,000	9,400	-	-	-	-	59,400	50,000	9,400	-	-	-	-	59,400
6	Lim Sook Yee (Appointed on 7 April 2025)	Independent Director	37,500	4,200	-	-	-	-	41,700	37,500	4,200	-	-	-	-	41,700

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that the disclosure on a named basis of the top five Senior Management’s remuneration components including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 would be disadvantage to the Group’s business interests, given the highly competitive industry where talent poaching is common.	
		The performances of Senior Management are evaluated on an annual basis and measured against the targets set for the year. The remuneration packages are reviewed annually and adjustments to their remuneration are made based on not only on their individual performance and contributions in the preceding year, but also the Company’s performance.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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.
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.

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 Committee is chaired by the Independent Non-Executive Director, Ms Ho Ai Hoon, who is not the Chairperson of the Board.	
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	:	The Audit Committee has a policy requiring a former key audit partner of the Company to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. Currently, none of the Audit Committee members are former key audit partners of the Company.	
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

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	:	In assessing the External Auditors, the Company has put in place the policies and procedures to assess the sustainability and independence of external auditors. During the financial year under review, the AC assessed the capabilities and independence of the external auditors, Messrs. HLB Ler Lum Chew PLT, and recommended to the Board on their re-appointment, after taking into consideration of their suitability, objectivity, independence as well as the appropriateness of audit fees to ensure the quality and reliability of audited financial statements.	
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

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	:	As at 31 December 2025, all members of the Audit Committee comprised solely of Independent Non-Executive Directors.

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	:	All members of the Audit Committee are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfil their duties as members of the Audit Committee. Details of the training programme attended by the Audit Committee members during the financial year under review are set out in the Annual Report 2025.
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	:	The Board is fully aware of its overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to identify the risks to which the Group is exposed and mitigate the impacts thereof to meet the particular needs of the Group. The Company outsourced its internal audit function to an external professional firm, which reports directly to the Audit Committee. The Audit Committee works with the internal auditors to ensure that the internal audit plan encompasses the audit of key processes or areas in the Group, effective control measures are in place and the follow-up audits have been properly conducted. Details of the Risk Management and Internal Control Framework put in place can be found in the Statement on Risk Management and Internal Control in the Annual Report 2025 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

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 in the Annual Report 2025 provides an overview of the state of risk management and internal controls within 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

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	:	Not adopted
Explanation on adoption of the practice	:	

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	:	The Board has outsourced the internal audit function to an independent professional service firm, namely Smart Focus Group, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. The Audit Committee reviews and approves the Internal Audit Plan to ensure that the audit direction is appropriate to the environment in which the Group operates. The Audit Committee also engages in discussions with the Internal Auditor on the progress of the audit plan to ensure that the audit directions remain relevant taking into consideration of any significant changes in the Group's operating environment.	
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	:	The Group's internal audit function has been outsourced to an external professional firm, Smart Focus Group ("Smart Focus") which is led by Mr FS Lee, an Associate Director who is a professional member of IIAM (Institute of Internal Auditors of Malaysia). The internal audit activities were reported directly to the Audit Committee based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all levels of operations within the Group. The number of staff deployed by Smart Focus ranges from 2 to 3 staff per visit and the internal audit personnel involved are free from any relationship and conflicts of interest. The Internal Auditor ("IA") reports directly to the Audit Committee and they adopt the International Professional Practices Framework inclusive of the mandatory elements – Core Principles for the Professional Practice of Internal Auditing, International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, the definition of Internal Auditing, and Code of Ethics to manage its functions and perform the audit engagements. The IA is also guided by the internal policies, procedures and framework as well as the Internal Control Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and Control Objectives for Information and Related Technology (COBIT) in assessing and reporting on the adequacy and effectiveness of the design, implementation and efficiency of the Group's overall system of internal controls, risk management and governance.
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	:	In maintaining its commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public. The practice of disclosure of information is not established just to comply with the Listing Requirements of Bursa Securities, but also to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders. Where possible, the Group also provides additional disclosures of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.
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	:	The Board of Directors is aware and in full support of effective shareholders’ participation at the Annual General Meeting (“AGM”). Shareholders are notified of the meeting at least twenty-eight (28) days prior to the date of the AGM. The Notice of the 22nd AGM which will be held on 13 May 2026, was dated 14 April 2026, giving at least 28 days in advance of the meeting.	
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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Four out of five Directors were present at the 21st AGM and Extraordinary General Meeting held on 14 May 2025. The Chair of the Audit Committee and Nominating Committee were in attendance to respond to shareholders' questions. Ms Lim Sook Yee, being the Independent Non-Executive Director and Chairperson of Remuneration Committee was unable to attend due to work exigencies as the date of 21st AGM and Extraordinary General Meeting had been fixed prior to her appointment.
<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	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:		
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

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	:	During the 21 st AGM and Extraordinary General Meeting held on 14 May 2025, the shareholders were provided with the Questions & Answers ("Q&A") sessions during the meetings to pose questions. The Directors have responded to their questions.
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.

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.

provide any reasons that are not covered by the meeting program		
Application	:	Applied
Explanation on application of the practice	:	All the questions relating to the meeting’s agenda posted by the shareholders were addressed by the Directors.
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

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 21 st AGM and Extraordinary General Meeting held on 14 May 2025 were made available on the Company's website within thirty (30) business days after the 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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