

FLEXIDYNAMIC HOLDINGS BERHAD (“FLEXIDYNAMIC” OR THE “COMPANY”)

- (I) PROPOSED DIVERSIFICATION**
- (II) PROPOSED SUBSCRIPTION**
- (III) PROPOSED ACQUISITION**
- (IV) PROPOSED PRIVATE PLACEMENT**
- (V) PROPOSED BONUS ISSUE OF WARRANTS**

(COLLECTIVELY “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of Flexidynamic (**“Board”**), Malacca Securities Sdn Bhd (**“Malacca Securities”**) wishes to announce that the Company proposes to undertake following:

- (i) proposed diversification of the existing principal activities of Flexidynamic and its subsidiaries (**“Group”**) to include provision of sterilisation services using gamma radiation (**“Proposed Diversification”**);
- (ii) proposed subscription of 16,080,184 new ordinary shares in Gammatech Sdn Bhd, a 51%-owned subsidiary of Flexidynamic (**“Gammatech”**) (**“Subscription Shares”**) for a total cash consideration of RM16,080,184 (**“Subscription Price”**) (**“Proposed Subscription”**);
- (iii) proposed acquisition of a parcel of industrial freehold land held under GM 2418, Lot 2202, Teluk Panglima Garang, Kuala Langat, Selangor measuring approximately 1.6314 hectares (**“Land”**) by Gammatech, a 51%-owned subsidiary of Flexidynamic from H&A Ventures Sdn Bhd (**“H&A”**) (**“Vendor”**) for a total consideration of RM15,450,000 (**“Purchase Consideration”**), to be satisfied via issuance of 15,450,000 new ordinary shares in Gammatech (**“Consideration Shares”**) (**“Proposed Acquisition”**);
- (iv) proposed private placement of up to 89,903,000 new ordinary shares in Flexidynamic (**“Shares”** or **“Flexidynamic Shares”**), representing up to 30.0% of the existing number of issued Shares in Flexidynamic (**“Proposed Private Placement”**); and
- (v) proposed bonus issue of warrants on the basis of 1 warrant for every 4 Flexidynamic Shares held by the entitled shareholder on an entitlement date to be determined and announced later (**“Entitled Shareholders”**) (**“Entitlement Date”**) (**“Proposed Bonus Issue of Warrants”**).

(Collectively, referred to as the **“Proposals”**).

Further details on the Proposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Diversification

Flexidynamic is an investment holding company, and through its subsidiaries, the Group is principally engaged in the following business segments:

- (i) **Engineering:** Design, engineering, installation and commissioning of glove chlorination systems, as well as design and for the installation of storage tanks and process tanks for the glove manufacturing industry; and
- (ii) **Trading and services:** Trading of replacement parts and installation and maintenance of glove chlorination systems, storage tanks and process tanks for the glove manufacturing industry,

(collectively referred to as “**Existing Businesses**”).

In addition, the Company had on 12 June 2024 announced that it had entered into a binding letter of intent for the subscription of 1,040,816 new ordinary shares, representing 51% of the enlarged share capital in Gammatech (“**1st Subscription**”) for a total cash consideration of RM1,040,816. The 1st Subscription was completed on 18 July 2024 and Gammatech became a 51%-owned subsidiary of the Company. Gammatech is principally involved in the provision of sterilisation services using gamma radiation (“**Sterilisation Business**”). Further details of the Proposed Subscription are set out in Section 2.2 of this announcement.

The key financial performance of the Group for the past 4 audited FYEs 31 December 2021 (being the year Flexidynamic was listed on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”)), 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Audited			
	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024
	RM'000	RM'000	RM'000	RM'000
Revenue				
- Engineering	105,778	88,278	38,057	51,526
- Trading and services	5,181	5,466	853	1,910
- Sterilisation ⁽¹⁾	-	-	-	-
- Others (investment holding)	5,800	363	-	-
	116,759	94,107	38,910	53,436
Elimination of inter-segment transactions	(10,981)	(5,821)	(649)	(751)
	105,778	88,286	38,261	52,685
Segment profit/(loss)				
- Engineering	5,722	(3,496)	1,916	2,406
- Trading and services	631	(283)	(1,044)	(334)
- Sterilisation ⁽¹⁾	-	-	-	(134)
- Others (investment holding)	2,953	(276)	(166)	(252)
	9,306	(4,055)	706	1,686
Elimination of inter-segment transactions	(5,800)	-	(329)	(373)
	3,506	(4,055)	377	1,313

Note:

- (1) As at LPD, the Sterilisation Business has yet to commence operations; however, it has incurred a preliminary cost amounting to RM0.13 million in FYE 31 December 2024.

In light of the challenging business environment of the glove manufacturing industry and declining financial performance over the past 4 financial years, the Group has been actively exploring alternative avenues to improve its financial performance. In 2024, the Group received an investment opportunity in Gammatech, a company which intends to be involved in the Sterilisation Business, and had completed the 1st Subscription on 18 July 2024. Further details on the viability of the Sterilisation Business and the overview of the gamma irradiation sterilisation industry are set out in Sections 2.1.4 and 5.2 of this announcement, respectively.

On 11 July 2025, the Company entered into a shareholders' agreement with Eco Santec Sdn Bhd ("**Eco Santec**") (being the other shareholder of Gammatech, holding 49% equity interest) to govern and regulate their relationship as shareholders of Gammatech ("**Shareholders' Agreement**"). The salient terms of the Shareholders' Agreement are set out in the Company's announcement dated 11 July 2025.

To develop the Sterilisation Business, the shareholders of Gammatech had proposed to construct the Sterilisation Facility (defined herein) on the Land. As such, the Group proposes to undertake the Proposed Subscription and Proposed Acquisition (details which are set out in Sections 2.2 and 2.3 of this Announcement) to facilitate the said construction. Upon commissioning of the Sterilisation Facility, Gammatech will be able to commence the Sterilisation Business, which are proposed to be offered to industries and businesses requiring sterilisation solutions, including but not limited to the medical, pharmaceutical and food / agricultural processing sectors.

The Board is therefore seeking the approval from the shareholders of the Company in an extraordinary general meeting ("**EGM**") to be convened for the Proposed Diversification pursuant to Rule 10.13(1) of the ACE Market Listing Requirements of Bursa Securities ("**Listing Requirements**") in anticipation that the Sterilisation Business is expected to result in either:

- (i) The diversion of 25.0% or more of the net assets ("**NA**") of the Group to the Sterilisation Business; or
- (ii) The contribution from the Sterilisation Business of 25.0% or more of the net profit of the Group.

The Proposed Diversification represents the Group's aim to reduce reliance on its Existing Businesses and enhance shareholders' value in the long run by expanding its revenue and earnings base.

Notwithstanding the Proposed Diversification, the Board will continue with the Existing Businesses of the Group in the same manner. The Board will continuously review the Group's business operations from time to time with the intention of improving the Group's financial performance and position.

2.1.1 Overview of the Sterilisation Business and Sterilisation Facility

Upon commissioning, the Sterilisation Facility will undertake gamma irradiation sterilisation operations by exposing products to gamma radiation in order to achieve sterilisation. Gamma irradiation sterilisation process involves exposing materials or products to high-energy electromagnetic gamma rays emitted from the radioactive decay of isotopes such as Cobalt-60. These gamma rays are highly penetrative and can sterilise materials or products without direct contact.

Gamma rays can kill microorganisms or prevent them from reproducing, thus sterilising or disinfecting the target products (e.g. medical gloves, medical equipment, food or other products).

The gamma irradiation sterilisation process is widely used in the medical, pharmaceutical and food/agriculture processing industry.

At the completion of the gamma irradiation sterilisation process, the irradiated material or product will be sterile and safe for medical use and/or consumption.

The estimated total set up cost for the Sterilisation Facility is as follows:

	Expenditures	RM'000	%
(a)	Capital expenditure	54,642	93.03
(b)	Operating expenditure	4,092	6.97
	Total	58,734	100.00

The set up cost for the Sterilisation Facility is proposed to be funded via the following:

	Sources	RM'000	%
(a)	Proposed Private Placement (please refer to Section 3 Note (i) of this announcement for more details)	16,080	27.38
(b)	Bank borrowings (including hire purchase)	27,735	47.22
(c)	Advances by shareholders of Gammatech	14,919	25.40
	Total	58,734	100.00

The details of the expected capital expenditure and operating expenditure of the Sterilisation Business are as follows:

(a) Capital expenditure

No.	Purposes	RM'000
(i)	Purchase of Cobalt-60 radioactive source ⁽¹⁾	17,880
(ii)	Construction of Sterilisation Facility ⁽²⁾	28,193
(iii)	Purchase of equipment and machineries for installation at the Sterilisation Facility ⁽³⁾	8,000
(iv)	Auxiliary equipment and contingencies ⁽⁴⁾	569
	Total	54,642

Notes:

- (1) The Group shall purchase Cobalt-60 from established suppliers based overseas. The purchase of Cobalt-60 is subject to approvals to be received from the Atomic Energy Licensing Board ("AELB") and relevant regulatory authorities in Malaysia for the importation and handling of Cobalt-60.
- (2) Gammatech had on 22 November 2024 issued a letter of award to a building contractor to undertake the construction works of the Sterilisation Facility for the total contract sum of RM28.19 million.
- (3) On 27 September 2021, Gammatech had entered into a sale and purchase agreement with a foreign supplier to purchase 1 unit of gamma irradiator sterilisation system for approximately RM8.00 million.
- (4) Includes auxiliary equipment such as dosimetry system, water de-ionisation system, and product handling equipment such as forklifts and contingencies.

(b) Operating expenditure

The operating expenditure represents the estimated expenses to be incurred by the Sterilisation Business for a period of 1 year and is thus expected to be utilised within 1 year after the completion of the construction of Sterilisation Facility, the breakdown of which is set out below:

No.	Purposes	RM'000
(i)	Salaries and emoluments	2,781
(ii)	Fixed operational and office overheads	462
(iii)	Equipment and machineries maintenance	144
(iv)	Insurances coverage	101
(v)	Licensing, permit and regulatory fees	263
(vi)	Utilities	156
(vii)	Others	185
	Total	4,092

Save for the capital expenditure to be incurred by Flexidynamic for the construction of the Sterilisation Facility and purchase of related sterilisation system/ancillary equipment, there are no other material additional financial commitment expected to be incurred by the Group. In addition, save for the corporate guarantee for bank borrowings (if required), there are no liabilities, including contingent liabilities and guarantees to be assumed by the Group, to construct the Sterilisation Facility.

The Group expects the Sterilisation Facility to be constructed and completed by end December 2026.

Upon completion of the construction of the Sterilisation Facility, the Group shall commence the operations of the Sterilisation Business by operating at the initial loading capacity of up to 1.00 million Curies⁽¹⁾, which will enable the Sterilisation Facility to process up to 109,222 tote bins (being the containers whereby the materials are sterilised in) over 10 years.

Note:

- (1) The term "Curie" (Ci) is a unit of measurement used to express the activity of a radioactive substance, specifically the amount of radioactive decay occurring in the substance per second.

As a start, the Group proposes to provide sterilisation services to the following customers:

- (a) existing customers of the Group, primarily glove manufacturers which require add-on services from sterilisation service providers like Gammatech; and
- (b) new customers involved in the medical, pharmaceutical and food/agricultural processing industries.

Moving forward, Gammatech proposes to undertake sales and marketing activities, such as participating in various conferences, networking sessions, trade fairs/events and other online marketing strategies to promote its sterilisation services.

2.1.2 Regulations relating to the Sterilisation Facility and Sterilisation Business

In Malaysia, the gamma irradiation sterilisation industry is subject to strict regulatory oversight to ensure public safety, worker protection and environmental security. The Atomic Energy Licensing Act 1984 ("**AELA 1984**"), which provides for the regulation and control of atomic energy and related activities, serves as the principal legislation governing this sector. The AELB, established under AELA 1984, is the regulatory authority responsible for administering, regulating and upholding compliance with AELA 1984. Any individual or entity intending to construct a gamma irradiation sterilisation facility or to provide gamma irradiation and related services must obtain the requisite licence issued under AELA 1984.

As at 30 June 2025, being the latest practicable date prior to this announcement ("**LPD**"), Gammatech has obtained a Class A Licence from the AELB, planning permission from the Majlis Perbandaran Kuala Langat ("**MPKL**") and the requisite approvals from the Jabatan Pengairan dan Saliran Daerah Kuala Langat and the Jabatan Bomba dan Penyelamat Malaysia, respectively, for the construction of the Sterilisation Facility.

The building plan for the Sterilisation Facility was first approved by MPKL on 23 October 2023 and subsequently extended via MPKL's letter dated 30 May 2025. Gammatech intends to commence construction of the Sterilisation Facility in 3rd quarter of 2025 and expects to complete the said construction by end December 2026.

2.1.3 Key personnel

The Sterilisation Business will be spearheaded by Tan Kong Leong, the Managing Director of Flexidynamic as well as Abdul Halim bin Ahmad, the Technical Director of Gammatech. Their profiles are as follows:

(a) Tan Kong Leong

Tan Kong Leong, a Malaysian, age 51, is the Managing Director of Flexidynamic. He is responsible for determining the strategic direction and growth of the Group, as well as overseeing the overall business development of the Group. He was appointed to our Board on 9 June 2020.

In 1989, upon completing his Form 2 in Sekolah Menengah Jenis Kebangsaan Seg Hwa, Segamat, Johor, he worked as an apprentice in automotive workshops and metal workshops and was involved in various general contracting works in Penang. In 1992, he moved to Kuala Lumpur and became a freelance technician involved in providing installation, repair and maintenance services for air conditioners.

In December 1996, he set up T&L Air-Cond Engineering. Through T&L Air-Cond Engineering, he was involved in providing air conditioner installation, repair and maintenance services for residential and commercial buildings as a subcontractor.

In 2000, T&L Air-Cond Engineering ventured into the glove chlorination business as a subcontractor. As a subcontractor, T&L Air-Cond Engineering provided fabrication and installation services for glove chlorination systems, storage tanks and process tanks.

With over 12 years of experience in the manufacturing of glove chlorination systems as a subcontractor under T&L Air-Cond Engineering since 2000, he set out to establish Flexidynamic Engineering Sdn Bhd in November 2012 and has been the Managing Director of Flexidynamic Engineering Sdn Bhd since then. He also ceased to conduct business under T&L Air-Cond Engineering since then. In June 2020, he was appointed as the Managing Director of Flexidynamic.

(b) Abdul Halim bin Ahmad

Abdul Halim bin Ahmad, a Malaysian, age 62, is the Technical Director of Gammatech. He is also the *Orang Bertanggungjawab Terhadap Lesen* (“**OBTL**”) for the Sterilisation Facility. He is responsible for overseeing the overall operations of the Sterilisation Facility as well as business development activities of the Sterilisation Business. Over the years, Abdul Halim bin Ahmad has accumulated vast operational and corporate management experiences of various gamma irradiation facilities in Malaysia.

In 1984, upon obtaining his Mechanical Production Engineering Certificate majoring in Industrial Engineering from Ungku Omar Polytechnic in Ipoh, Perak, he worked as a Technical Assistant of Engineering and Quality Control with Pernas NEC Sdn Bhd, where he was mainly involved in overseeing the quality control functions of the telecommunication devices installed by Pernas NEC Sdn Bhd.

In 1988, he joined the Joint Malaysian Nuclear Energy Unit (now known as the Malaysian Nuclear Agency) as a Junior Research Officer, where he was involved in overseeing the construction, commissioning, operation and upgrading of the agency’s gamma irradiation facilities in Bangi, Selangor.

In 1992, he joined Uniphoenix Energy Resources Sdn Bhd (later known as SterilGamma Sdn Bhd) as its Plant Manager, where he was responsible for leading his team for overseeing the construction as well as operation and upgrading of the company’s gamma irradiation facility located in Rawang, Selangor. From 1996 to 2001, he was also appointed as the company’s Quality Assurance Director, where he was responsible for overseeing company’s quality assurance and operations function throughout the operations of its various gamma irradiation facilities in Malaysia.

During his tenure with SterilGamma Sdn Bhd, he was tasked to oversee the construction and operations of the following projects:

- 2003 – Upgrading of Malaysian Nuclear Agency’s gamma irradiation facility located in Bangi, Selangor
- 2004 – Operations of an ethylene oxide sterilisation facility located in Kulim, Kedah
- 2006 – Setting of new ethylene oxide sterilisation facility located in Port Klang, Selangor
- 2010 – Construction of an autoclave sterilisation facility located in Rawang, Selangor

In 2005, he was promoted as the Head of Operations, where he was responsible for overseeing SterilGamma Sdn Bhd’s sterilisation facilities in Malaysia as well as other related sterilisation facility projects undertaken.

In 2011, he joined Synergy Health Inc as its Country Manager (upon taken over of SterilGamma Sdn Bhd by Synergy Health Inc), where he was primarily responsible for its gamma irradiation facilities located in Kedah and Selangor as well as undertaking related upgrading and integration projects.

In 2012, he joined Grand Ten Holdings Sdn Bhd as its General Manager, where he was primarily responsible for overseeing the overall construction, qualification, operational functions, quality control, compliance levels, upgrading works as well as safety protocols of the company’s various gamma irradiation facilities located throughout Malaysia. He subsequently left Grand Ten Holdings Sdn Bhd in 2019.

In 2021, he joined Gammatech as Technical Director.

Tan Kong Leong and Abdul Halim bin Ahmad possess the necessary skillset and expertise to manage the Sterilisation Business.

Moving forward, the Group also expects to hire additional personnel with experience and expertise in the Sterilisation Business activities. The Group is currently in the midst of hiring

suitable and qualified/registered candidates, as required by the regulatory requirements issued by the AELB. The additional personnel to be employed are as follows:

Categories/Roles	Number
Radiation protection officer cum operations manager	1
Facility manager	1
Quality assurance	4
Technicians	15
Product handlers and general workers	18
Total	39

2.1.4 Viability of the Sterilisation Business

The Company has appointed Eco Asia Capital Advisory Sdn Bhd ("**Eco Asia**") to conduct a financial feasibility study on the Sterilisation Business.

Eco Asia has conducted the preliminary financial feasibility study using the projected cash flow method in deriving the project Internal Rate of Returns ("**IRR**"). Based on the preliminary financial feasibility study, the Sterilisation Business is financially feasible as the base case project IRR is appraised at 12.3%, which is higher than the Group's weighted average cost of capital of 5.3%.

The results of the preliminary financial feasibility study are based on the achievability of assumptions and parameters set by the Management of Flexidynamic and are premised that there will be no adverse effects on the Sterilisation Business.

2.2 Proposed Subscription

2.2.1 Background Information of Gammatech

Gammatech was incorporated in Malaysia on 29 July 2020 as a private limited company under the Companies Act, 1965 and is registered under the Companies Act 2016 ("**Act**"). Its registered office is located at 5, Lorong Batu Nilam 34/1, Bandar Bukit Tinggi, 41200 Klang, Selangor.

As at the LPD, Gammatech has yet to commence any business operations. The intended principal activity of Gammatech is the provision of sterilisation services using gamma radiation.

As at LPD, Gammatech has an issued share capital of RM2,040,816, comprising 2,040,816 ordinary shares. Gammatech is a 51%-owned subsidiary of Flexidynamic, with the remaining 49% equity interest held by Eco Santec.

As at LPD, the directors of Gammatech are Tan Kong Leong (representative of Flexidynamic), Sin Kuo Wei (representative of Flexidynamic), Lim You Sheng (representative of Eco Santec) and Lim Jing Jie (representative of Eco Santec), all of whom are Malaysian.

2.2.2 Background Information of Eco Santec

Eco Santec was incorporated in Malaysia on 23 February 2024 as a private limited company under the Act. Its registered office is located at L8-02, 8th Floor, Brem Mall, Off Jalan Kepong, 52000 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of Eco Santec is investment holding of shares in companies.

As at LPD, Eco Santec has an issued share capital of RM100, comprising 100 ordinary shares.

The directors and shareholders of Eco Santec and their respective shareholdings in Eco Santec as at the LPD are as follows:

Name	Designation	Nationality	No. of Eco Santec shares	%
Lim You Sheng	Director/ Shareholder	Malaysian	92	92.0
Lim Jing Jie	Director/ Shareholder	Malaysian	8	8.0

2.2.3 Details of the Proposed Subscription

In accordance with the Shareholders' Agreement, Flexidynamic and Eco Santec or its subsidiaries ("**Eco Santec Group**") intend to maintain their respective shareholding proportions in Gammatech at 51.0% and 49.0%, respectively.

To facilitate the construction of the Sterilisation Facility and to maintain the aforementioned equity stake in Gammatech, it is proposed for:

- (i) Eco Santec Group to inject the Land via the Proposed Acquisition (details of which are set out in Section 2.3 of this Announcement); and
- (ii) Flexidynamic to undertake the Proposed Subscription.

The resulting shareholding structure of Gammatech upon completion of the Proposed Acquisition and the Proposed Subscription is as follows:

Name	Before Proposed Acquisition and Proposed Subscription		After Proposed Acquisition and Proposed Subscription	
	No. of shares	%	No. of shares	%
Flexidynamic	1,040,816	51.0	17,121,000	51.0
Eco Santec				
- Direct shareholdings	1,000,000	49.0	1,000,000	3.0
- Indirect shareholdings (via H&A)	-	-	15,450,000	46.0
Total	2,040,816	100.0	33,571,000	100.0

The Proposed Subscription will be implemented concurrently with the Proposed Acquisition.

2.2.4 Basis and justification in arriving at the Subscription Price

As Gammatech has yet to commence any business operations, the issue price per Subscription Share was determined based on the nominal value of RM1.00 per Subscription Share. This issue price is also in line with the issue price of RM1.00 per Share under the Proposed Acquisition.

2.2.5 Source of Funding

The Subscription Price shall be fully satisfied in cash and will be fully funded through the proceeds from the Proposed Private Placement (RM16.08 million), details of which are set out in Sections 2.4 and 3 of this announcement.

2.2.6 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by the Group pursuant to the Proposed Subscription.

2.3 Proposed Acquisition

The Proposed Acquisition entails the acquisition of the Land held under GM 2418, Lot 2202, Teluk Panglima Garang, Kuala Langat, Selangor from H&A by Gammatech for a purchase consideration of RM15,450,000 to be satisfied via the issuance of 15,450,000 Consideration Shares to H&A at the issue price of RM1.00 per share. Gammatech and H&A had on 14 July 2025 entered into a sale and purchase agreement (“SPA”) for the Proposed Acquisition.

The Land is proposed to be used for the construction of the Sterilisation Facility. Further details on the Land are provided in Section 2.3.1 of this announcement.

The salient terms of the SPA are set out in **Appendix I** of this announcement.

2.3.1 Details of the Proposed Acquisition

(i) Background information on the Vendor

H&A was incorporated in Malaysia on 8 December 2015 as a private limited company under the Act. As at LPD, the issued share capital of H&A is RM1,000,000, comprising 1,000,000 ordinary shares. H&A is wholly-owned subsidiary of Eco Santec and is the registered proprietor of the Land. As at the LPD, Eco Santec is the shareholder of Gammatech, holding 49% equity interest in Gammatech.

The principal activity of H&A is investment holding of land. As at LPD, H&A does not have any subsidiary or associated company. The directors of H&A are Lim You Sheng and Lim Jing Jie, whom are also the directors of Gammatech.

(ii) Background information on Eco Santec

The details of Eco Santec are set out in Section 2.2.2 of this announcement.

(iii) Information on Land

The details of the Land are as follows:

Terms	Details
Master title details	: GM 2418, Lot No. 2202, Locality of 9th Mile Sijangkang, Mukim of Teluk Panglima Garang, District of Kuala Langat, State of Selangor Darul Ehsan
Postal address	: Lot 2202, Jalan Nuri, Kawasan Perusahaan Kebun Baru, Batu 9, 42500 Teluk Panglima Garang, Selangor Darul Ehsan
Registered owner	: H&A
Tenure	: Freehold interest
Total master Land area	: 1.6314 hectares (approximately 4.031 acres or 175,602 sq feet)
Existing and proposed use	: The Land is currently vacant. Its intended use is for the construction of the Sterilisation Facility
Encumbrances	: Nil
Category of Land use	: Industry
Express conditions	: Light industrial
Restriction-in-interest	: Nil
Valuer	: Rahim & Co International Sdn Bhd
Market Value	: RM15,450,000
Date of valuation	: 28 March 2025

Terms	Details
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Valuation method : Comparison approach

The Land is located within the locality of Kawasan Perusahaan Batu 9 Kebun Baru, which is sited at the north-eastern fringe of Teluk Panglima Garang town. It is situated approximately 46 kilometres by road due south-west of Kuala Lumpur city centre and about 2 kilometres by road due north-east of Teluk Panglima Garang town.

2.3.2 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration of RM15,450,000 was arrived after taking into consideration the market value of the Land of RM15.45 million as ascribed by Rahim & Co International Sdn Bhd, being the independent valuer for the Land ("**Valuer**") through its valuation report dated 15 April 2025 ("**Valuation Report**"). The market value was determined based on the comparison approach, which entails critical analysis of recent evidence of values of comparable properties in the neighbourhood of the Land and making adjustments for differences.

2.3.3 Mode of settlement and source of funding

The Purchase Consideration will be satisfied entirely through the issuance of 15,450,000 Consideration Shares to H&A at an issue price of RM1.00 per ordinary share.

As Gammatech has yet to commence any business operations, the issue price of the Consideration Shares was determined based on the nominal value of RM1.00 per Share. This issue price is also in line with the issue price of RM1.00 per Share under the Proposed Subscription.

2.3.4 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by the Group pursuant to the Proposed Acquisition.

2.3.5 Additional financial commitment required

Upon completion of the Proposed Acquisition, the Company anticipates to incur additional financial commitments of RM27.74 million for the construction of the Sterilisation Facility and purchase of equipment and machinery. Further details on the additional financial commitments are set out in Section 2.1.1 of this announcement.

2.3.6 Ranking of the Consideration Shares

The Consideration Shares shall, upon issuance and allotment, rank equally in all respects with the existing issued Gammatech Shares, save and except that the holders of the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid to the shareholders of the Gammatech, for which the relevant entitlement date is prior to the date of allotment and issuance of the Consideration Shares and the Consideration Shares will be subject to all the provisions of the Constitution of the Gammatech relating to transfer, transmission and otherwise.

2.3.7 Listing of and quotation for the Consideration Shares

For avoidance of doubt, the Consideration Shares represents ordinary shares in Gammatech, a 51% subsidiary of the Group. In view thereof, no listing will be sought for the Consideration Shares.

2.3.8 Original date and cost of investment

The cost of H&A's investment for the Land is RM12,081,788, which was made in 15 October 2021.

2.4 Proposed Private Placement

2.4.1 Placement size

As at the LPD, Flexidynamic has:

- (i) 299,679,925 Shares in issue; and
- (ii) 10,179,075 outstanding ESOS Options granted to the eligible Directors and employees ("**ESOS Options**").

The Board does not have any intention to grant further ESOS Options prior to the completion of the Proposed Private Placement. For the avoidance of doubt, any increase in the total number of issued Shares arising from the exercise of unexercised ESOS Options will not affect the number of Placement Shares to be issued under the Proposed Private Placement.

The Proposed Private Placement shall be implemented before the implementation of the Proposed Bonus Issue of Warrants.

In view thereof, Flexidynamic proposes to fix the number of Flexidynamic Shares to be issued under the Proposed Private Placement based on its issued share capital as at the LPD. Accordingly, the Proposed Private Placement will entail the issuance of up to 89,903,000 Shares ("**Placement Shares**"), representing approximately 30.0% of the total number of issued shares as at the LPD.

2.4.2 Placement arrangement

The Placement Shares will be placed to independent third-party investor(s) to be identified later. Such investor(s) shall be person(s) or party(ies) who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007.

In accordance with Rule 6.05(c) of the Listing Requirements, the Placement Shares will not be placed to the following parties:

- (i) a director, major shareholder or chief executive of Flexidynamic or a holding company of Flexidynamic ("**Interested Person**"); or
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Company believes that the investor(s) may be identified and procured simultaneously or over a period of time. The details of investor(s) and the number of Placement Shares to be placed to each investor in accordance with Rule 6.15 of the Listing Requirements will be submitted to Bursa Securities before the listing of the Placement Shares to be issued pursuant to the Proposed Private Placement.

2.4.3 Basis of arriving at the issue price of the Placement Shares

In accordance with Rule 6.05(a) of the Listing Requirements, the issue price of the Placement Shares shall not be priced at more than 10% discount to the 5-day volume-weighted average price ("**5D-VWAMP**") of Flexidynamic Shares immediately preceding the price-fixing date(s) for each tranche. The Placement Shares will be priced after taking into consideration, amongst others, the following:

- (i) the funding requirements of the Group as set out in Section 3 of this announcement;

- (ii) the prevailing market conditions on the price-fixing date; and
- (iii) the rationale of the Proposed Private Placement as set out in Section 4.4 of this announcement.

The Proposed Private Placement may be implemented in a single or multiple tranche(s), within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement, or such extended timeframe as approved by Bursa Securities, to provide the Company with the flexibility to optimise the issue price of the Placement Shares in the best interest of the Group. As such, there could potentially be several price fixing dates depending on the number of tranches and timing of implementation of the Proposed Private Placement.

2.4.4 Ranking of the Placement Shares

The Placement Shares shall, upon issuance and allotment, rank equally in all respects with the existing issued Flexidynamic Shares, save and except that the holders of the Placement Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid to the shareholders of the Company, for which the relevant entitlement date is prior to the date of allotment and issuance of the Placement Shares and the Placement Shares will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission and otherwise.

2.4.5 Listing and quotation of the Placement Shares

An application will be made to Bursa Securities for the listing and quotation of the Placement Shares on the ACE Market of Bursa Securities.

2.4.6 Previous equity fund raising exercises undertaken in the past 12 months

On 2 January 2024, Malacca Securities had on behalf of the Company announced that the Company proposed to undertake a private placement of up to 28,467,900 new Flexidynamic Shares. The private placement was approved by Bursa Securities via its letter dated 31 January 2024. On 11 March 2024, the Company had issued 15,000,000 Flexidynamic Shares at the issue price of RM0.145 each with gross proceeds of RM2.18 million. The private placement had lapsed on 31 July 2024 and was deemed completed on even date.

As at the LPD, the gross proceeds of RM2.18 million have been fully utilised as follow:

Details of utilisation	Timeframe for utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000
Working capital	Within 6 months	2,667	2,092	-
Future business expansion	Within 18 months	2,500	-	-
Estimated expenses	Within 1 month	100	83	-
Total		5,267	2,175	

Save as disclosed above, the Company has not implemented any equity fund raising exercises in the past 12 months preceding the date of this announcement.

2.5 Proposed Bonus Issue of Warrants

2.5.1 Basis and number of Warrants to be issued

As at the LPD, Flexidynamic has:

- (i) 299,679,925 Shares in issue; and
- (ii) 10,179,075 ESOS Options.

In addition, it is the intention of the Board to implement the Proposed Private Placement which entails the issuance of up to 89,903,000 Placement Shares, before the Proposed Bonus Issue of Warrants. The Board does not have any intention to grant further ESOS Options prior to the completion of the Proposed Bonus Issue of Warrants.

Based on the foregoing, the Proposed Bonus Issue of Warrants entails the issuance of up to 99,940,500 free Warrants, on the basis of 1 Warrant for every 4 existing Shares held in the Company by the Entitled Shareholders on the Entitlement Date.

For illustrative purposes, the effects of the Proposed Bonus Issue of Warrants shall be illustrated based on the following 2 scenarios:

Minimum Scenario

Assuming the completion of the Proposed Private Placement and none of the ESOS Options are exercised prior to the implementation of the Proposed Bonus Issue of Warrants.

Accordingly, a total of 97,395,731 Warrants may be issued pursuant to the Proposed Bonus Issue of Warrants.

Maximum Scenario

Assuming the completion of the Proposed Private Placement and all of the ESOS Options are exercised prior to the implementation of the Proposed Bonus Issue of Warrants.

Accordingly, a total of 99,940,500 Warrants may be issued pursuant to the Proposed Bonus Issue of Warrants.

The actual number of Warrants to be issued under the Proposed Bonus Issue of Warrants will depend on the number of Flexidynamic Shares in issue (excluding treasury shares, if any) on the Entitlement Date.

The basis for the entitlement for the Proposed Bonus Issue of Warrants was determined after taking into consideration the following:

- (i) compliance with Rule 6.51 of the Listing Requirements, which states that the number of new Flexidynamic Shares that will arise from the exercise of all outstanding convertible equity securities, shall not exceed 50% of the total number of issued shares (excluding treasury shares and before the exercise of the convertible equity securities) at all times;
- (ii) dilutive effects arising from the full exercise of Warrants on the consolidated EPS of the Company; and
- (iii) amount of proceeds the Company could potentially raise as and when the Warrants are exercised during the exercise period of the Warrants.

The Proposed Bonus Issue of Warrants is in compliance with Rule 6.51 of the Listing Requirements, as the total number of new Flexidynamic Shares which will arise from the exercise of all Warrants to be issued will not exceed 50.0% of the total number of issued Shares (excluding the potential exercise of ESOS Options) at all times after the Proposed Bonus Issue of Warrants, as illustrated below:

Total number of Flexidynamic Shares	(A)	Minimum Scenario	Maximum Scenario
		389,582,925	399,762,000
Warrants	(B)	97,395,731	99,940,500
% of Flexidynamic Shares	(B)/(A)	25.0%	25.0%

Fractional entitlements of the Warrants, if any, shall be disregarded and dealt with in such manner as the Board may in its absolute discretion deem fit and expedient, and in the best interest of the Company. Further, the Proposed Bonus Issue of Warrants will be implemented in a single issuance and is not intended to be implemented in stages over a period of time. No reserves will be capitalised for the issuance of Warrants under the Proposed Bonus Issue of Warrants.

2.5.2 Basis of determining the issue price and exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders and the exercise price of the Warrants will be determined and announced at a later date by the Board after the receipt of all relevant approvals but before the announcement of the Entitlement Date.

The exercise price of the Warrants will be determined and fixed by the Board after taking into consideration, amongst others, the following:

- (i) the historical price movement of Flexidynamic Shares;
- (ii) the 5D-VWAMP of Flexidynamic Shares immediately preceding the price-fixing date to be determined and announced later;
- (iii) the prevailing market conditions; and
- (iv) the future prospects of the Group.

The Board intends to fix the exercise price of the Warrants at a later date. The Board has yet to determine if the exercise price will be fixed at a premium or discount to the market price of Flexidynamic Shares.

For illustrative purposes only, the illustrative exercise price of the Warrants is assumed at RM0.20 per Warrant (which is equivalent to the illustrative issue price of the Placement Shares as set out in Section 3 of this announcement), which represents a premium of approximately 20.85% to the 5D-VWAMP of Flexidynamic Shares up to and including the LPD of RM0.1655.

2.5.3 Indicative salient terms of the Warrants

The indicative salient terms of the Warrants are set out as follows:

Terms	Details
Issuer	Flexidynamic
Issue size	Up to 99,940,500 Warrants
Form and denomination	The Warrants will be issued in registered form and constituted by a deed poll to be executed by the Company and as may be supplemented from time to time (" Deed Poll ").
Tenure	5 years commencing from and inclusive of the date of the issuance of the Warrants (" Issue Date ").

Terms	Details
Exercise Period	<p>The Warrants may be exercised at any time during the Tenure of the Warrants commencing from and including the Issue Date and ending at 5.00 p.m. (Malaysia time) on a date which falls on the day before the 5th anniversary of the Issue Date ("Expiry Date"). If such date is not a market day, then it shall be the next market day immediately preceding the said non-market day ("Exercise Period").</p> <p>Any Warrant which are not exercised during the Exercise Period will cease to be valid for any purpose and will be deemed to have lapsed.</p>
Exercise Price	Please refer to Section 2.5.2 of this announcement for the basis of determining the exercise price of the Warrants. The exercise price shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Rights	Each Warrant shall entitle its holders of Warrant (" Warrant Holders ") to subscribe for 1 new Flexidynamic Share at any time during the Exercise Period and at the Exercise Price, subject to adjustments and conditions in accordance with the provisions of the Deed Poll.
Board lot	For the purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 Warrants carrying the right to subscribe for 100 new Flexidynamic Shares at any time during the Exercise Period, or in such other denomination as determined by Bursa Securities.
Mode of exercise	The Warrant Holders are required to lodge a subscription form in the form set out in the Deed Poll with the Company's share registrar, duly completed, signed and stamped together with payment by way of online payment into the bank account of Flexidynamic, banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Adjustment in the Exercise Price and/or the number of Warrants	The Exercise Price and/or the number of unexercised Warrants held by each Warrants Holders shall be adjusted, calculated or determined by the Board in consultation with an approved adviser appointed by the Company and certified by the auditors of Flexidynamic in the event of alteration to the share capital of the Company at any time during the Tenure in accordance with the provisions of the Deed Poll.
Modification of rights of Warrant Holder	<p>The Company may, from time to time, without the consent or sanction of the Warrant Holders but in accordance with the provisions of the Deed Poll, modify the Deed Poll, if such modification made does not materially prejudice the interests of the Warrant Holders or is made to correct a manifest error or to comply with the prevailing laws of Malaysia, Rules of the Bursa Malaysia Depository Sdn Bhd, Securities Industry (Central Depositories) Act 1991 and/or the Listing Requirements.</p> <p>Subject to the approval of the relevant authority (if required), any modifications to the Deed Poll may be effected only by a supplemental Deed Poll, executed by the Company and expressed to be supplemental to the Deed Poll and comply with the requirements of the Deed Poll. The Company must notify the Warrant Holders of any modification within 30 days after such modification is effected in accordance with the provisions of the Deed Poll.</p>

Terms	Details
Rights of Warrant Holders	The Warrants do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants exercise their Warrants for new Shares in accordance with the provisions of the Deed Poll and such new Shares have been allotted and issued to such holders.
Rights in the event of winding up, liquidation or an event of default	<p>If a resolution is passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies:</p> <ul style="list-style-type: none"> (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant Holders, or some persons designated by them for such purposes by a special resolution shall be a party, the terms of such winding up, compromise and arrangement shall be binding on all the Warrant Holders; and (ii) every Warrant Holder shall be entitled (upon and subject to the conditions) to exercise the Exercise Rights at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within 6 weeks from the granting of the court order approving the winding up, compromise or arrangement, as the case may be, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights attached to such Warrants to the extent specified in the subscription form(s), whereupon the Company shall allot new Shares to the Warrant Holders credited as fully paid subject to the prevailing laws and such Warrant Holder shall be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise of his Exercise Rights and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all Exercise Rights of the Warrants will lapse and cease to be valid for any purpose.
Listing	The Warrants will be listed on the ACE Market of Bursa Securities.
Transferability	The Warrants shall be transferable in accordance with the provisions of the Deed Poll, the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd.
Governing Law	Laws of Malaysia.

2.5.4 Ranking of the Warrants and new Flexidynamic Shares to be issued arising from the exercise of the Warrants

The new Flexidynamic Shares to be issued pursuant to the exercise of the Warrants shall, upon issuance and allotment, rank equally in all respects with the existing issued Flexidynamic Shares, save and except that the holders of the new Flexidynamic Shares shall not be entitled to any dividends, rights, allotments and/ or any other forms of distributions that may be declared, made or paid to the shareholders of the Company, for which the relevant entitlement date is prior to the date of allotment and issuance of the new Flexidynamic Shares and the new

Flexidynamic Shares will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission and otherwise.

The Warrant Holders will not be entitled to any voting rights in any general meeting of the Company, or right to participate in any form of distribution other than on winding up, compromise or arrangement of Flexidynamic as set out in Deed Poll and/ or offer of further securities in Flexidynamic until and unless such Warrant Holders exercise their Warrants into new Flexidynamic Shares.

2.5.5 Listing and quotation of the Warrants and new Flexidynamic Shares to be issued arising from the exercise of the Warrants

An application will be made to Bursa Securities for:

- (i) the admission of the Warrants to the Official List of Bursa Securities; and
- (ii) the listing and quotation of the Warrants and new Flexidynamic Shares to be issued arising from the exercise of the Warrants,

on the ACE Market of Bursa Securities.

2.5.6 Use of proceeds from the exercise of the Warrants

The Proposed Bonus Issue of Warrants will not raise any immediate funds for the Company as the Warrants will be issued at no cost to the Entitled Shareholders. The quantum of proceeds to be raised (if any) will depend on the actual number of Warrants exercised during the exercise period.

Assuming the full exercise of Warrants at the illustrative exercise price of RM0.20 each, it is expected to raise gross proceeds of up to RM19.99 million (under the Maximum Scenario), which will be utilised as working capital of the Group (which includes purchase of raw materials, staff salaries as well as finance cost incurred pursuant to the Group's bank borrowings).

Pending the utilisation of proceeds raised from the exercise of Warrants, the proceeds will be placed in interest-bearing deposits with licenced financial institutions and/or short-term money market instruments as determined by the Board may deem fit. Any interest derived from the deposits will be utilised in the manner as abovementioned.

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3. UTILISATION OF PROCEEDS

For illustration purpose, the issue price of the Placement Shares has been illustrated at RM0.20 per Placement Share ("**Illustrative Issue Price**"), which represents a premium of approximately 20.85% to the 5D-VWAMP of Flexidynamic Shares up to and including the LPD of RM0.1655 per Flexidynamic Share.

Based on the Illustrative Issue Price, the Proposed Private Placement will raise gross proceeds of approximately RM17.98 million, which are intended to be utilised as follows:

	Notes	RM'000	%	Expected timeframe for utilisation of proceeds from the listing of Shares
Proposed Subscription	(i)	16,080	89.43	Within 12 months
Working capital	(ii)	901	5.01	Within 12 months
Estimated expenses for Proposals	(iii)	1,000	5.56	Within 3 months
Total		17,981	100.00	

Notes:

(i) Proposed Subscription

The Company intends to utilise RM16.08 million of the proceeds to fund the Proposed Subscription. In the event the proceeds raised from the Proposed Private Placement is less than RM16.08 million after netting off the expenses incurred for the Proposals, the Company proposes to fund the balance through internally generated funds.

Please refer to Section 2.2 of this announcement for further details on the Proposed Subscription.

(ii) Working capital

The Company intends to utilise RM0.90 million of the proceeds for its working capital for its existing business. The utilisation shall include but not limited to the following:

- (a) purchase of raw materials used for the manufacturing of parts and components used in its glove chlorination systems include plastic resins, fibre-reinforced plastic (FRP) materials, polyvinyl chloride (PVC) pipes and fittings and mild steel;
- (b) staff salaries, allowances and other statutory payments such as staff's personal income tax, Employees Providence Fund and SOCSO; and
- (c) finance cost incurred pursuant to the Group's bank borrowings.

The Company shall allocate RM0.90 million depending on the Group's actual funding requirements for the abovementioned items (a) to (c) at the material time.

(iii) Estimated expenses for Proposals

The following summarise the estimated expenses for Proposals to be borne by us:

Details	RM'000
Professional fees	650
Fees payable to authorities	40
Placement fees	270
Miscellaneous expenses	40
Total	1,000

The actual gross proceeds to be raised from the Proposed Private Placement will depend on the actual number of Placement Shares issued and the issue price of the Placement Shares. Any variation in the actual gross proceeds raised compared to the intended gross proceeds will be adjusted against the amount earmarked for the Group's working capital.

In the event the gross proceeds raised from the Proposed Private Placement are less than RM17.98 million, the proceeds will be utilised in the following priority order:

- (i) Estimated expenses;
- (ii) Proposed Subscription; and
- (iii) Working capital.

In the event the gross proceeds raised from the Proposed Private Placement are less than RM17.98 million and there is a shortfall in the amount raised for the Proposed Subscription, the Company proposes the fund the shortfall for the Proposed Subscription via internally generated funds and/or bank borrowings.

If the gross proceeds raised from the Proposed Private Placement exceeds RM17.98 million, all excess funds shall be utilised for the Group's working capital, in the same proportion as set out in Note (ii) of Section 3 of this announcement.

Pending utilisation of the proceeds from the Proposed Private Placement for the abovementioned purposes, the proceeds will be placed in interest-bearing deposits with licenced financial institutions and/or short-term money market instruments as the Board deems fit. The interest derived from the deposits placed with the financial institutions and/or any gain arising from the short-term money market instruments will be used for working capital of the Group.

4. RATIONALE AND JUSTIFICATION OF THE PROPOSALS

4.1 Proposed Diversification

As set out in Section 2.1 of this announcement, the Proposed Diversification is undertaken as the Sterilisation Business is expected to contribute 25.0% or more of the net profits of the Group and/or result in a diversion of 25.0% or more of the Group's NA in the future.

The Proposed Diversification is part of the Group's strategic initiative to diversify its income streams by engaging in new viable business to reduce the Company's reliance on its Existing Businesses. The Proposed Diversification is expected to contribute positively to the Group's financial performance and in turn, improve Flexidynamic's shareholders' value.

4.2 Proposed Subscription

The Proposed Subscription in Gammatech is in line with the Company's strategic objective to diversify the Company's business operations and expand into the Sterilisation Business. The capital injection will provide the necessary funding to support Gammatech's business growth, including the construction of the Sterilisation Facility on the Land to be acquired through the Proposed Acquisition.

In addition to driving business expansion, the Proposed Subscription in Gammatech will also enable the Company to maintain its controlling interest in Gammatech following the enlargement of Gammatech's share capital pursuant to the Proposed Acquisition. By subscribing to additional Gammatech's shares, the Company ensures that its equity stake remains at 51%, thereby retaining significant influence over Gammatech's operations, strategic direction and decision-making processes.

4.3 Proposed Acquisition

The Proposed Acquisition is undertaken as part of the Group's strategic expansion into the Sterilisation Business. The Proposed Acquisition will enable Gammatech to secure ownership of the Land and the construction and development of a Sterilisation Facility to facilitate the provision of Sterilisation Business. This initiative aligns with the Company's Proposed Diversification strategy and represents a key milestone in establishing the Company's presence in the gamma irradiation sterilisation industry.

4.4 Proposed Private Placement

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue to raise additional funds expeditiously to meet the purposes as stated in Section 3 of this announcement, after considering the following:

- (i) the Proposed Private Placement will not incur interest cost as compared to bank borrowings or the issuance of debt instruments, thereby reducing the potential cash outflow. This would allow the Group to preserve the existing cash and bank balances for the Group's other purposes;
- (ii) the Proposed Private Placement does not require the Company to procure underwriting arrangement (which the Company will incur additional cost) and/or irrevocable undertaking from certain shareholders of the Company which is usually required for other fund raising exercise such as rights issue; and
- (iii) the Proposed Private Placement is expected to strengthen the Company's capital base as well as improve the Company's financial position and future earnings when the economic and financial benefits from the use of proceeds are realised.

4.5 Proposed Bonus Issue of Warrants

The Board is of the view that the Proposed Bonus Issue of Warrants is an appropriate avenue for rewarding the existing shareholders of the Company after taking into consideration, amongst others, the following factors:

- (i) to reward the Company's shareholders for their continuous support by enabling them to participate in convertible securities of the Company, which are tradable on the ACE Market of Bursa Securities, without incurring any cost;
- (ii) to provide the Company's shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price over the tenure of the Warrants, and allow them benefit from any potential capital appreciation of the Warrants and further participate in the future growth of the Company when the Warrants are exercised;
- (iii) to provide the Group with additional funds for its working capital requirements as and when the Warrants are exercised in the future without incurring interest costs as compared to bank borrowings; and
- (iv) to strengthen the capital base of the Group by increasing the size of the shareholders' funds pursuant to the exercise of the Warrants and hence, provide the Group greater flexibility in terms of the options available to meet its future funding requirements.

5. INDUSTRY OVERVIEW AND PROSPECTS OF THE GROUP

5.1 Overview of the Malaysian economy

The Malaysian economy expanded by 4.4% in the first quarter of 2025 (4Q 2024: 4.9%), driven by the steady expansion in domestic demand. Household spending was sustained amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salary. The steady expansion in investment activities was supported by realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower mining exports. This was partially offset by stronger electrical and electronics ("E&E") exports and tourism activity. At the same time, imports growth, although more moderate, continued to be driven by strong demand for capital goods, reflecting continued investment and trade activities.

On the supply side, growth was driven by the services and manufacturing sectors. Services sector was supported by higher Government services while strong E&E production underpinned the performance in the manufacturing sector. However, normalisation in motor vehicle sales and production following strong performances over the last three years affected the growth of services and manufacturing sectors respectively. Overall growth was also weighed down by a contraction in the mining sector amid lower oil and gas production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 0.7% (4Q 2024: -0.2%).

Malaysia's 2025 growth will be affected by the escalation in trade tensions and the heightened policy uncertainties. The rapidly-evolving developments surrounding trade tariffs are expected to affect the global outlook for the rest of the year. As a small and open economy, Malaysia will inevitably face both direct and indirect impact from these tariffs. Growth of the Malaysian economy is expected to be slightly lower than the earlier forecast of 4.5% - 5.5% in 2025. The high uncertainty surrounding outcomes of trade negotiations and how these will reshape global trade complicates a clear assessment of their impact on growth at this juncture.

Notwithstanding the external risks, growth will continue to be anchored primarily by resilient domestic demand. This provides a strong buffer against external headwinds. Household spending is expected to continue expanding, supported by continued wage and employment growth, particularly within domestic-oriented sectors as well as income-related policy measures. Investment activities will be driven by the continued implementation of multi-year projects across private and public sectors, further realisation of approved investments with a larger share by domestic players and the implementation of catalytic initiatives under the national master plans. Additionally, the continued demand for E&E goods, alongside higher tourist receipts will also provide cushion to growth.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2025, Bank Negara Malaysia)

5.2 Overview of the Gamma Irradiation Sterilisation Industry in Malaysia

Gamma irradiation sterilisation is an ionising radiation sterilisation technique that utilises high-energy gamma rays, typically from a Cobalt-60 source, to eliminate microorganisms such as bacteria by damaging their deoxyribonucleic acid (DNA) and inhibiting cell division. This method effectively kills microorganisms throughout the product to be sterilised and its packaging while maintaining minimal temperature effects (i.e. suitable for heat sensitive materials) and leaving no residues. It is widely used for sterilising single-use medical devices such as surgical gloves, catheters and syringes, food packaging and pharmaceuticals products, amongst others. According to the International Atomic Energy Agency, over 40% of all single-use medical devices produced globally are sterilised using gamma irradiation.

The demand for gamma irradiation sterilisation in Malaysia is driven by the growth of the rubber gloves industry, particularly surgical gloves, being one of the key industries that employ gamma irradiation for sterilisation. Gamma irradiation is one of the commonly used methods for sterilising rubber gloves especially surgical gloves, in view of its ability to sterilise without

compromising the quality and functionality of the rubber gloves, making it crucial for adhering to the stringent hygiene and safety standards required in the healthcare industry.

The rubber gloves industry in Malaysia, measured by the production volume of rubber gloves in Malaysia, increased from 55.40 billion pairs in 2019 to 136.80 billion pairs in 2021 at a compound annual growth rate (“CAGR”) of 57.14%. This growth was largely attributed to a surge in global demand for medical gloves arising from the outbreak of the novel coronavirus disease 2019 (“COVID-19”) pandemic. Medical gloves are essential personal protective equipment, especially in healthcare, where they are integral to hygiene protocols and infection control measures globally.

Subsequently, the production volume of rubber gloves in Malaysia declined from 136.80 billion pairs in 2021 to 67.00 billion pairs in 2023, at a negative CAGR of 30.02%. This decline was primarily attributed to the normalisation of demand for rubber gloves after mass vaccination programmes worldwide reduced the severity of the pandemic, lowering the need for personal protective equipment. Additionally, production was reduced to resolve the oversupply caused by a production surge during the pandemic. Nonetheless, the production volume of rubber gloves in Malaysia recovered and grew at a year-on-year (“YOY”) growth rate of 10.64% to 74.13 billion pairs in 2024.

In April 2025, the United States (“US”) imposed a 10% baseline tariff on imports from all countries, followed by higher reciprocal tariffs on countries with which the US has the largest trade deficits, including a 24% tariff on Malaysian exports and a 145% tariff on Chinese exports to the US, escalating global trade tensions. The US then announced a 90-day pause on reciprocal tariffs for most countries, save for China, with rates for affected countries including Malaysia temporarily reduced back to 10%. Subsequently, effective 14 May 2025, the US temporarily lowered tariffs on Chinese goods from 145% to 30% for a 90-day period. On 7 July 2025, the US announced that the 90-day pause on reciprocal tariffs which were initially set to expire on 9 July 2025 will be extended until 1 August 2025. In addition, as part of the 7 July 2025 announcement, a new round of reciprocal tariffs ranging between 25% and 40%, will be imposed on imports from several countries, including Malaysia. Among the measures, a 25% tariff will be applied to all Malaysian products exported to the US, effective 1 August 2025.

Despite recent US tariff developments, SMITH ZANDER expects Malaysia’s rubber gloves industry to grow, supported by a gradual demand recovery in second half of 2025 due to low inventory levels following slower sales in the first half which was caused by US buyers’ front loading from China. As such, the production volume of rubber gloves in Malaysia is expected to reach 79.96 billion pairs in 2025 and 110.08 billion pairs in 2029 at a CAGR of 8.23% from year 2024 to 2029. Nonetheless, the growth outlook of Malaysia’s rubber gloves industry is subject to change depending on the evolution of the US tariff developments and global economic conditions which may impact the demand for Malaysia’s rubber gloves.

Further, the surgical gloves industry in Malaysia, measured by the production volume of surgical gloves in Malaysia, increased from 4.17 billion pairs in 2019 to 6.06 billion pairs in 2021 at a CAGR of 20.55% pursuant to the outbreak of the COVID-19 pandemic. Subsequently, the production volume of surgical gloves in Malaysia declined from 6.06 billion pairs in 2021 to 2.30 billion pairs in 2023 at a negative CAGR of 38.39% as the demand for surgical gloves normalised following the subsidence of the COVID-19 pandemic. Nonetheless, the production volume of surgical gloves recovered and grew at a YOY growth rate of 22.61% to 2.82 billion pairs in 2024.

Moving forward, SMITH ZANDER projects the production volume of surgical gloves in Malaysia to increase to 3.30 billion pairs in 2025 and 6.35 billion pairs in 2029 at a CAGR of 17.63% from year 2024 to 2029. Nonetheless, the growth outlook of Malaysia’s surgical gloves industry is subject to change depending on the evolution of the US tariff developments and global economic conditions which may impact the demand for Malaysia’s surgical gloves.

In terms of the global market, the global demand for rubber gloves increased from 340.00 billion pieces in 2019 to 492.00 billion pieces in 2021, at a CAGR of 20.29% in view of the COVID-19 pandemic. Thereafter, upon the gradual subsidence of the COVID-19 pandemic, the global

demand for rubber gloves normalised and declined to 307.20 billion pieces in 2023, at a negative CAGR of 20.98% from year 2021 to 2023.

Nonetheless, Malaysian Rubber Glove Manufacturers Association anticipated a rebound in global demand for rubber gloves in 2024, with demand expected to surge to 450.00 billion pieces by 2027. This projected growth is expected to be driven by increased demand in key markets like the US, the European Union and Japan, along with the growing usage of gloves in non-medical sectors post-COVID-19 such as the hospitality and semiconductor industries. Further, SMITH ZANDER forecasts the global demand for rubber gloves to reach 544.64 billion pieces in 2029. However, this outlook may be subject to change depending on global economic conditions and how the US tariff developments evolve, as prolonged uncertainty or unfavourable trade terms could dampen global purchasing sentiment, particularly in key markets.

Similarly, the global demand for surgical gloves observed a similar trend, increasing from 32.76 billion pieces in 2019 to 74.61 billion pieces in 2021 at a CAGR of 50.91%. Thereafter, the global demand for surgical gloves fell to 25.05 billion pieces in 2023 at a negative CAGR of 42.06% from year 2021 to 2023.

Nevertheless, the global demand for surgical gloves is expected to rebound in tandem with the global demand for rubber gloves. Hence, SMITH ZANDER estimates the global demand for surgical gloves to increase to 26.62 billion pieces in 2024 and 28.30 billion pieces in 2025 at a CAGR of 6.29% from year 2023 to 2025. Further, the global demand for surgical gloves is projected to reach 36.84 billion pieces in 2029. However, the growth outlook is subject to change depending on the global economic conditions and evolution of the US tariff developments, as prolonged uncertainty or unfavourable trade terms could affect the global demand for surgical gloves.

As the global demand for rubber gloves including surgical gloves increases, this will in turn drive the growth in the production of rubber gloves in Malaysia. As such, this will also boost the growth of the gamma irradiation sterilisation industry in Malaysia as the rubber gloves produced especially surgical gloves require gamma irradiation sterilisation services to ensure the gloves are completely sterile and safe for use, making it an imperative step before these products can be released for sale to the public.

(Source: Independent Market Research Report prepared by SMITH ZANDER)

5.3 Overview, prospects and future plans of the enlarged Group

The growth in rubber gloves industry in Malaysia from 2019 to 2021 was largely attributed to a surge in global demand for medical gloves arising from the outbreak of COVID-19 pandemic. Medical gloves are essential personal protective equipment, especially in healthcare, where they are integral to hygiene protocols and infection control measures globally.

Subsequently, the production volume of rubber gloves in Malaysia declined from 2021 to 2023 at a negative CAGR, primarily attributed to the normalisation of demand for rubber gloves after mass vaccination programmes worldwide reduced the severity of the pandemic, lowering the need for personal protective equipment.

On 2 April 2025, the new US administration announced “reciprocal” tariff on many trade partners, including Malaysia, which will face a 24% levy. As a safeguard measure to prevent trading diversion from other countries, the Ministry of Plantation and Commodities banned the export of non-locally made rubber gloves from 25 April 2025. The Group further noticed continuous increase in demand of its local customers to upgrade its system and equipment in anticipation to meet the returning demand for non-China-made gloves in the US market. This is expected to improve the Group's financial performance. On 7 July 2025, the US announced that the 90-day pause on reciprocal tariffs which were initially set to expire on 9 July 2025 will be extended until 1 August 2025.

On 19 June 2025, the Company had entered into 2 share sale agreements for the proposed acquisition of 100% equity interest in Formtech Engineering (M) Sdn Bhd (“**Formtech**”). Given Formtech’s specialisation in the manufacturing of glove formers, this acquisition is expected to expand the Group’s business portfolio and diversify the income streams. Complementing the positive trajectory, the Proposed Diversification (as set out in Section 2.1 of this announcement) into a new business segment is part of the Group’s strategy to diversify and expand into an industry with alternative growth prospects while providing an alternative source of revenue to the Group whilst continuing with its current core business.

Premised on the above and as highlighted in Section 4.1 of this announcement, the Proposed Diversification is expected to contribute positively to the future earnings and cash flows of the enlarged the Group following the completion of the Proposed Diversification. Barring any unforeseen circumstances, the Group maintains a cautious optimism regarding the outlook for the financial year ending 31 December 2025.

(Source: Management of Flexidynamic)

6. RISK FACTORS

6.1 Proposed Diversification

The Proposed Diversification will expose the Group to risks inherent in the sterilisation industry, including fluctuations in global and regional economic conditions, competition from industry players, regulatory changes, and evolving industry standards. The demand for the services to be provided by the Sterilisation Business is influenced by factors such as heightened hygiene awareness, regulatory compliance requirements, and advancements in medical and healthcare industries. Any adverse developments in these areas may impact the profitability and sustainability of the Group’s venture into the Sterilisation Business. While the Group will implement prudent business strategies and cost-control measures to mitigate these risks, there is no assurance that such efforts will entirely offset the potential adverse effects on its financial performance.

As the Group's Existing Businesses do not include the Sterilisation Business, the Group may lack prior operational experience in this sector. Consequently, the Group may face challenges in managing production processes, ensuring regulatory compliance, and executing effective business strategies specific to the sterilisation industry. To mitigate this risk, the Group intends to leverage the expertise of key management personnel with relevant industry experience. However, the success of this venture remains dependent on the ability of the management team to navigate industry-specific complexities effectively.

The gamma irradiation sterilisation industry in Malaysia is moderately competitive. Gamma irradiation sterilisation industry players generally compete in terms of amongst others, technical expertise, technology and equipment, pricing, delivery timing and processing capacity. Moreover, the barriers to entry into the gamma irradiation sterilisation industry are high as it requires high initial capital for the purchase and maintenance of equipment as well as set up of facilities, and skilled personnel who possess specialised knowledge and technical expertise in gamma irradiation sterilisation to ensure smooth operation of the business and remain competitive in the industry. The Group plans to strengthen its market position by investing in advanced sterilisation technology, enhancing operational efficiency, and maintaining cost-effective solutions. However, there is no assurance that these measures will be sufficient to compete effectively against the industry players.

The establishment of the Sterilisation Facility requires significant capital investment in specialised equipment, infrastructure, and technology. The Group may face risks related to equipment procurement, installation, maintenance, and technological obsolescence. Any unforeseen delays or cost overruns in setting up the Sterilisation Facility may impact the projected timelines and financial returns of the Sterilisation Business. Additionally, unexpected disruptions in the supply chain, increases in operational costs, or changes in market conditions may affect the Group’s ability to execute its business plans as intended.

6.2 Proposed Subscription

The completion of the Proposed Subscription is subject to the successful completion of the Proposed Acquisition. Any delay, termination, or unforeseen circumstances affecting the Proposed Acquisition may impact the timing and feasibility of the Proposed Subscription. In the event that the Proposed Acquisition is not completed as planned, the Proposed Subscription may be delayed or may not materialise. Notwithstanding this, the Company will take all reasonable steps to manage any potential risks and facilitate the timely completion of the Proposed Subscription.

The Proposed Subscription is expected to be funded via proceeds from the Proposed Private Placement. Any delay or failure in securing the necessary funds may impact the Company's ability to complete the Proposed Subscription as planned. Additionally, changes in the Company's financial position, market conditions, or investor sentiment may affect its funding capabilities, which could, in turn, delay or prevent the completion of the Proposed Subscription. Notwithstanding this, the Company will take all reasonable steps to manage its funding requirements and ensure the timely completion of the Proposed Subscription.

6.3 Proposed Acquisition

The completion of the Proposed Acquisition is subject to the terms of the SPA, including the receipt of necessary approvals and fulfilment of stipulated requirements. Any delay, non-fulfilment, or non-compliance with these terms may result in the postponement or termination of the Proposed Acquisition.

6.4 Proposed Private Placement

The Proposed Private Placement involves the issuance of new ordinary shares, which may dilute the existing shareholders' equity and voting rights. The issue price of the Placement Shares will be determined based on market conditions at the time of issuance. In the event of market volatility, the shares may be issued at a discount to the prevailing market price, which could impact the Company's valuation and the investment value of existing shareholders.

The success of the Proposed Private Placement is contingent upon investors' demand and market conditions. If the Company is unable to attract sufficient investor interest, the Placement Shares may not be fully subscribed, affecting the total capital raised and potentially impacting the Company's funding objectives, including the Proposed Subscription. In such scenario, the Company may need to explore alternative funding sources, which could delay or alter its plans.

The completion of the Proposed Private Placement is subject to regulatory approval from the Bursa Securities. Any delay may affect the implementation of the Proposed Private Placement.

6.5 Proposed Bonus Issue of Warrants

The Proposed Bonus Issue of Warrants will allow Warrant Holders to convert their Warrants into ordinary shares at a predetermined exercise price. If a significant number of Warrants are exercised, it may result in substantial dilution of existing shareholders' equity and voting rights, potentially affecting the market value of the Company's shares.

The amount of funds raised from the exercise of Warrants remains uncertain, as it depends on Warrant Holders' decision to exercise their warrants, which are influenced by the Company's future share price performance. If the market price of the Company's shares does not exceed the exercise price, warrant holders may choose not to exercise their warrants, leading to a lower-than-expected capital inflow for the Company. This could impact the Company's ability to utilise proceeds from the warrant exercise for its intended objectives.

7. EFFECTS OF THE PROPOSALS

7.1 Share capital

The Proposed Diversification, Proposed Subscription and Proposed Acquisition will not have any effect on the issued share capital of Flexidynamic as the said proposals do not involve any issuance of new Shares.

For illustrative purposes, the pro forma effects of the Proposed Private Placement and Proposed Bonus Issue of Warrants on the issued share capital of Flexidynamic as at the LPD are as follows:

Minimum Scenario	No. of Shares	RM'000
Issued share capital as at the LPD	299,679,925	38,308
To be issued pursuant to the Proposed Private Placement	89,903,000	17,981
	<hr/>	<hr/>
	389,582,925	56,289
Assuming full exercise of Warrants	97,395,731	19,479
Enlarged share capital	486,978,656	75,768
	<hr/>	<hr/>
Maximum Scenario	No. of Shares	RM'000
Issued share capital as at the LPD	299,679,925	38,308
To be issued pursuant to the Proposed Private Placement	89,903,000	17,981
	<hr/>	<hr/>
	389,582,925	56,289
Assuming all ESOS Options are exercised	10,179,075	2,850
	<hr/>	<hr/>
	399,762,000	59,139
Assuming full exercise of Warrants	99,940,500	19,988
Enlarged share capital	499,702,500	79,127
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7.2 NA, NA per share and gearing

As the Proposed Diversification, Proposed Subscription and Proposed Acquisition are neither a transaction nor a fund raising exercise, it will not have any pro forma effects on the NA, NA per share and gearing of Flexidynamic.

For illustration purposes, the pro forma effects of the Proposed Private Placement and Proposed Bonus Issue of Warrants on the NA, NA per share and gearing of the Group based on the latest audited consolidated financial statement of Flexidynamic for FYE 31 December 2024 are as follows:

Minimum Scenario	Audited as at FYE 31 December 2024	After Proposed Private Placement	After Full Exercise of Warrants
	RM'000	RM'000	RM'000
Share capital	37,739	55,720	75,199
Merger deficit	(20,431)	(20,431)	(20,431)
Capital reserve	631	631	631
Share-based payment reserve	1,525	1,525	1,525
Foreign exchange reserve	5	5	5
Retained earnings	22,342	22,342	22,342
Net assets	41,811	59,792	79,271
No. of Shares ('000)	299,680	389,583	486,979
NA per Share (RM)	0.14	0.15	0.16
Borrowings (RM'000)	15,726	15,726	15,726
Gearing ratio (times)	0.38	0.26	0.20

Maximum Scenario	Audited as at FYE 31 December 2024	After Proposed Private Placement	After Full Exercise of ESOS Options	After Full Exercise of Warrants
	RM'000	RM'000	RM'000	RM'000
Share capital	37,739	55,720	58,570	78,558
Merger deficit	(20,431)	(20,431)	(20,431)	(20,431)
Capital reserve	631	631	631	631
Share-based payment reserve	1,525	1,525	1,525	1,525
Foreign exchange reserve	5	5	5	5
Retained earnings	22,342	22,342	22,342	22,342
Net assets	41,811	59,792	62,642	82,630
No. of Shares ('000)	299,680	389,583	399,762	499,703
NA per Share (RM)	0.14	0.15	0.16	0.17
Borrowings (RM'000)	15,726	15,726	15,726	15,726
Gearing ratio (times)	0.38	0.26	0.25	0.19

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7.3 Earnings and EPS

Barring unforeseen circumstances, the actual impact of the Proposals on the consolidated earnings and EPS of the Group moving forward will depend on, among others, the market and industry conditions. The EPS of the Group may however be proportionately diluted as a result of the increase in the number of Shares after the Proposed Private Placement and exercise of Warrants arising from the Proposed Bonus Issue of Warrants.

Nevertheless, the Proposals are expected to be earnings accretive and contribute positively to the future earnings of the Group upon completion.

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7.4 Substantial shareholders' shareholdings

The Proposed Diversification, Proposed Subscription and Proposed Acquisition will not have any effect on the substantial shareholders' shareholdings of Flexidynamic as the said proposals do not involve any issuance of new Flexidynamic Shares.

For illustrative purposes, the pro forma effects of the Proposed Private Placement and Proposed Bonus Issue of Warrants on the substantial shareholders' shareholdings in Flexidynamic are as follows:

Minimum Scenario	As at the LPD				After Proposed Private Placement and Proposed Bonus Issue of Warrants				After full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Tan Kong Leong	107,892,900	36.00	⁽⁴⁾ 9,198,100	3.07	107,892,900	27.69	⁽⁴⁾ 9,198,100	2.36	134,866,125	27.69	⁽⁴⁾ 11,497,625	2.36
Liew Heng Wei	53,208,300	17.76	⁽⁵⁾ 130,000	0.04	53,208,300	13.66	⁽⁵⁾ 130,000	0.03	66,510,375	13.66	⁽⁵⁾ 162,500	0.03
Phitchaya	6,259,800	2.09	⁽⁶⁾ 110,831,200	36.98	6,259,800	1.61	⁽⁶⁾ 110,831,200	28.45	7,824,750	1.61	⁽⁶⁾ 138,539,000	28.45
Arsangku												
Lion Suk Chin	130,000	0.04	⁽⁵⁾ 53,208,300	17.76	130,000	0.03	⁽⁵⁾ 53,208,300	13.66	162,500	0.03	⁽⁵⁾ 66,510,375	13.66

Notes:

- (1) Based on 299,679,925 Shares in issue as at the LPD.
- (2) Based on 389,582,925 Shares after the Proposed Private Placement.
- (3) Based on 486,978,656 Shares assuming full exercise of 97,395,731 Warrants.
- (4) Deemed interest via spouse's shareholdings and his shareholding in TECS Properties Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interest via spouse's shareholdings in the Company.
- (6) Deemed interest via spouse's direct and indirect shareholdings in the Company.

Maximum Scenario	As at the LPD				After Proposed Private Placement, Proposed Bonus Issue of Warrants and full exercise of ESOS Options				After full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Substantial shareholders												
Tan Kong Leong	107,892,900	36.00	⁽⁴⁾ 9,198,100	3.07	107,892,900	26.99	⁽⁴⁾ 9,198,100	2.30	134,866,125	26.99	⁽⁴⁾ 11,497,625	2.30
Liew Heng Wei	53,208,300	17.76	⁽⁵⁾ 130,000	0.04	53,208,300	13.31	⁽⁵⁾ 2,500,000	0.63	66,510,375	13.31	⁽⁵⁾ 3,125,000	0.63
Phitchaya Arsangku	6,259,800	2.09	⁽⁶⁾ 110,831,200	36.98	6,259,800	1.57	⁽⁶⁾ 110,831,200	27.72	7,824,750	1.57	⁽⁶⁾ 138,539,000	27.72
Lion Suk Chin	130,000	0.04	⁽⁵⁾ 53,208,300	17.76	2,500,000	0.63	⁽⁵⁾ 53,208,300	13.31	3,125,000	0.63	⁽⁵⁾ 66,510,375	13.31

Notes:

- (1) Based on 299,679,925 Shares in issue as at the LPD.
- (2) Based on 399,762,000 Shares after the Proposed Private Placement and full exercise of ESOS Options.
- (3) Based on 499,702,500 Shares assuming full exercise of 99,940,500 Warrants.
- (4) Deemed interest via spouse's shareholdings and his shareholding in TECS Properties Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interest via spouse's shareholdings in the Company.
- (6) Deemed interest via spouse's direct and indirect shareholdings in the Company.

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7.5 Convertible securities

Save for the ESOS Options, the Company does not have any convertible securities in issue as at the LPD.

The Proposed Bonus Issue of Warrants may give rise to adjustments to the exercise price of the ESOS Options. Such adjustments will be made in accordance with the terms of the By-Laws which governed the ESOS to reflect any potential equity dilution resulting from the Proposed Bonus Issue of Warrants and to ensure that the status of the existing holders of the ESOS Options are not prejudiced after the Proposed Bonus Issue of Warrants.

The necessary adjustments to the exercise price of the ESOS Options shall be set out in a notice of adjustments to the relevant holders of the ESOS Options, which shall be despatched within the stipulated period as provided in the By-Laws.

8. HISTORICAL SHARE PRICE PERFORMANCE

The monthly highest and lowest market prices of Flexidynamic Shares traded on Bursa Securities for the past 12 months are as follows:

	High RM	Low RM
2024		
July	0.2300	0.2050
August	0.2150	0.1700
September	0.2050	0.1900
October	0.2000	0.1750
November	0.1800	0.1750
December	0.1850	0.1600
2025		
January	0.1850	0.1650
February	0.1800	0.1650
March	0.1750	0.1350
April	0.1850	0.1450
May	0.1750	0.1500
June	0.1700	0.1500
Last transacted market price on 11 July 2025 being the last trading day immediately prior to the date of the announcement of the Proposals		0.1650
Last transacted market price on the LPD		0.1500

(Source: Bloomberg)

9. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained from:

- (i) Bursa Securities, for the following:
 - (a) for the listing and quotation of up to 89,903,000 new Flexidynamic Shares to be issued arising from the Proposed Private Placement on the ACE Market of Bursa Securities;
 - (b) the admission of Warrants to the official list of Bursa Securities; and

- (c) the listing and quotation of up to 99,940,500 Warrants and the new Flexidynamic Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities;
- (ii) the shareholders of Flexidynamic at the forthcoming EGM to be convened for the Proposals; and
- (iii) any other relevant authorities and/or persons, if required.

The Proposed Diversification, Proposed Subscription, Proposed Acquisition and Proposed Private Placement are inter-conditional. The Proposed Bonus Issue of Warrants is not conditional upon other components of the Proposals.

The Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

The Proposed Acquisition shall be deemed a related party transaction pursuant to Rule 10.08 of the Listing Requirements, as it involves the interests of Lim You Sheng and Lim Jing Jie, both of whom are directors and shareholders of Gammatech as well as Eco Santec and directors of H&A. Neither Lim You Sheng nor Lim Jing Jie holds any direct or indirect interest in the Company.

Accordingly, the Company is exempted from appointing an independent adviser for the related party transaction pursuant to Rule 10.08(9) of the Listing Requirements as the Board of Directors of Flexidynamic had approved the transaction before the terms of the transaction are agreed upon and ensures that the Proposed Acquisition is fair and reasonable to Flexidynamic and is in the best interests of the Flexidynamic Group. However, as the highest percentage ratio resulting from the Proposed Acquisition exceeds 25%, the Proposed Acquisition is subject to the approval of the shareholders of the Company pursuant to Rule 10.07 of the Listing Requirements.

Save as disclosed above and save for their respective entitlements as shareholders of Flexidynamic for the Proposed Bonus Issue of Warrants (the rights of which are also available to all other shareholders of Flexidynamic on a pro-rata basis), none of the directors, major shareholder and chief executive of the Company and/or persons connected with them has any interests, direct and/or indirect, in the Proposals.

11. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is 36.76%, calculated based on the value of the assets over the audited NA of the Flexidynamic Group as at 31 December 2024 and Purchase Consideration over the audited NA of the Flexidynamic Group as at 31 December 2024.

12. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee of the Company, having considered the rationale for the Proposed Acquisition (as set out in Section 3 of this announcement), is of the opinion that the Proposed Acquisition is in the best interest of the Group, that the Proposed Acquisition is fair, reasonable and on normal commercial terms and not detrimental to the minority shareholders of the Company.

13. DIRECTORS' STATEMENT

The Board, having considered the terms and conditions, rationale and all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of Flexidynamic and that the Proposals is fair, reasonable and on normal commercial terms and not detrimental to the minority shareholders of the Company.

14. AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

There were no transactions entered into between the Group and Eco Santec Group, Lim You Sheng or Lim Jing Jie for the 12 months preceding the date of this announcement.

15. ADVISER

Malacca Securities has been appointed as the Principal Adviser for the Proposals.

16. ESTIMATED TIMEFRAME FOR SUBMISSION AND COMPLETION

The application to the relevant authorities will be made within 2 months from the date of this announcement.

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposals are expected to be completed in first quarter of 2026.

17. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA, the Valuation Report, the letter from Eco Asia on the financial feasibility and Independent Market Research Report prepared by SMITH ZANDER will be made available for inspection at the Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250, Kuala Lumpur, during normal office hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 14 July 2025.

APPENDIX I - SALIENT TERMS OF THE SPA

1. Agreement to sell and purchase

The Vendor hereby agrees to sell and Gammatech hereby agrees to purchase the Land for the Purchase Consideration subject to the terms and conditions herein contained.

2. Condition Precedent

2.1 The SPA shall be conditional upon the following conditions being obtained and/or fulfilled within six (6) months from the date of this Agreement (the “**Conditional Period**”), or such other extended period as may be mutually agreed upon by the parties:

(a) By Gammatech

- (i) the receipt of approval from the board of directors and shareholders of Gammatech for the Proposed Acquisition and the issuance of the Consideration Shares in favour of the Vendor;
- (ii) the receipt of approval from the board of directors and shareholders of Flexidynamic (being the 51% shareholder of Gammatech) for the Proposed Acquisition;
- (iii) the receipt of approval from Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities;

(b) By the Vendor

- (i) the receipt of approval from the board of directors and shareholders of the Vendor for the disposal of the Land to Gammatech; and

(c) By the parties

- (i) such other consent and/or approval that may be required for the Proposed Acquisition.

2.2 In the event either party fails to comply with its obligations under Clause 2.1 (not due to the default of the other party), the SPA shall be deemed terminated by mutual agreement. Upon such termination, neither party shall have any claim against the other, save for any antecedent breach, and the Vendor shall be at liberty to deal with the Land as it deems fit without reference to Gammatech.

2.3 The SPA shall become unconditional on the date when all Conditions Precedent in Clause 2.1 are fulfilled in writing by the parties, which date shall be referred to as the “**Unconditional Date**”.

3. Purchase Consideration and Terms of Payment

3.1 The Purchase Consideration shall be satisfied by Gammatech through the allotment of the Consideration Shares at an issue price of RM1.00 per Consideration Share, within three (3) months from the Unconditional Date or such other extended period as may be mutually agreed in writing by the parties, to the Vendor or its authorised nominee(s).

3.2 For the avoidance of doubt, the allotment of the Consideration Shares shall be subject to the successful registration of the Land in the name of Gammatech as provided in the SPA and the parties’ compliance with their respective representations, undertakings, covenants, and obligations under the SPA, and the date on which the Consideration Shares are allotted to the Vendor and/or its nominee(s) shall be referred to as the “**Completion**”, with the date thereof known as the “**Completion Date**”.

3.3 The Consideration Shares, upon issuance and allotment, shall rank equally in all respects with the existing ordinary shares of Gammatech, save that Consideration Shares shall not be entitled to any dividends, rights, allotments or other distributions declared, made or paid where the entitlement date is prior to the date of allotment.

4. Deposit of Issue Document of Title

- 4.1 Upon execution of the SPA, the Vendor shall deposit the original issue document of title of the Land with the Gammatech's solicitors.
- 4.2 The original title shall be held by the Gammatech's solicitors as stakeholders, who are authorised by both parties to present it for registration of the Land in the name of the Gammatech upon compliance with the following conditions:-
- (i) the SPA becoming unconditional (i.e. immediately or after the Unconditional Date); and
 - (ii) receipt by the Gammatech's solicitors of the sum of RM16,080,184 from Flexidynamic as Flexidynamic's contribution to Gammatech pursuant to the Shareholders' Agreement ("**Flexidynamic's Contribution**") and upon registration of the Memorandum of Transfer ("**MOT**") in favour of Gammatech, Gammatech's solicitors shall be irrevocably authorised to release Flexidynamic's Contribution to Gammatech.

5. Vendor's Undertaking

- 5.1 The Vendor covenants and undertakes that, from the date of the SPA up to and including the Completion Date, it shall not, whether directly or indirectly, create, permit, or allow to be created, registered, or lodged any caveat, charge, lien, mortgage, pledge, claim, or other encumbrance whatsoever over the Land ("**Encumbrance**") except with the prior written consent of Gammatech.
- 5.2 In the event the Land becomes encumbered (other than by or on behalf of Gammatech) in a manner that prevents or restricts registration of the Land in the Gammatech's name, Gammatech may give written notice to the Vendor requiring removal of such Encumbrance, and the Vendor shall do so within fourteen (14) days from receipt of such notice or within any mutually agreed extended period. Failure to remove the Encumbrance within the prescribed time shall be deemed a material breach of the SPA, entitling Gammatech to terminate the SPA by written notice.

6. Delivery of Vacant Possession

- 6.1 Considering that the Land is a vacant land, vacant possession thereof shall be deemed delivered by the Vendor to Gammatech on the Completion Date.

7. Non-Registration of Documents

- 7.1 If for any reason not attributable to either party, the registration of the MOT in favour of Gammatech is rejected by the relevant authority and such rejection cannot be remedied by the parties, Gammatech shall provide details and/or notice of such failure to the Vendor, following which the SPA shall be terminated and Clause 8 shall apply.
- 7.2 Upon termination of the SPA, neither party shall have any claim against the other, save for any antecedent breach of the SPA. The Vendor shall thereafter be at liberty to dispose of or otherwise deal with the Land as it deems fit without reference to Gammatech.

8. Default and Termination

- 8.1 If either party fails to fulfil its obligations under the SPA and not due to the default of the other party, the SPA shall be deemed mutually terminated. Upon such termination, neither party shall have any claim against the other, except for any antecedent breach, and the Vendor shall be free to dispose of or deal with the Land as it deems fit without reference to Gammatech.
- 8.2 Following such termination, the MOT shall be deemed null and void, and Gammatech's solicitors are expressly authorised release Flexidynamic's Contribution to Flexidynamic and to submit the MOT to the Inland Revenue Board of Malaysia for a refund of the stamp duty paid.