

POH KONG[®]

Poh Kong Holdings Berhad

(586139-K)

BOARD CHARTER

BOARD CHARTER

1. INTRODUCTION

The Board Charter is a charter of the Board of Directors (“the Board”) of Poh Kong Holdings Berhad (“the Company” or “PKHB Group”).

The Board believes that sound corporate governance is imperative for delivering sustainable value to safeguarding the interests of stakeholders, promoting business integrity and maintaining investors’ confidence towards the Group’s delivery of its corporate objectives and vision.

The Board is accountable to shareholders and stakeholders for the corporate governance and performance of the Group’s sustainability and organisational effectiveness.

The Board Charter sets out, among others, the principal role of the Board and the demarcation of the roles, responsibilities and powers of the Board, various Board Committees and senior management of the Company. In addition, the Board Charter also serves as a general statement of intent on how the Board discharges its duties and responsibilities and assesses its own performance and of its individual Directors.

In carrying out its responsibilities under this Charter, the Board will be cognizant of the requirements of all legislation, regulations and statutory standards. In particular these will include, but are not limited to, the provisions of the Companies Act 1965 (“Companies Act”), Capital Market & Services Act 2007 (“CMSA”), Securities Commission Act 1993, Malaysian Code on Corporate Governance 2012 (“MCCG” or “the Code”), and Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) that apply to the Group and its operations. The Board is also governed by the Memorandum and Articles of Association of the PKHB Group.

This Board Charter has been endorsed by the Board and is subject to review by the Board from time to time, to ensure relevance and compliance.

2. ROLE AND FUNCTION OF BOARD & BOARD COMMITTEES

2.1 Board Composition

The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision making of the Group.

2.1.1 Number of Directors

The number of Directors shall not be less than two (2) nor more than eleven (11). The Board has power under the Articles of Association to appoint a Director to fill a casual vacancy or as an additional Director.

2.1.2 Independence and Composition

- I. The Board should have at least two (2) Independent Directors or 1/3 of the Board of Directors who are Independent Directors, whichever is higher;
- II. The Chairman must be a non-executive member of the Board; and
- III. Where the Chairman is not an Independent Director, the Board should comprise a majority of Independent Directors to ensure balance of power and authority on the Board.

2.2 Roles and Responsibilities of the Board

The Board is the ultimate decision-making body of the Company, with the exception of matters requiring shareholders' approval. It sets the strategic direction and vision of the Company. The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Company and enforces standards of accountability, all with a view to enabling Management to execute its responsibilities effectively and efficiently.

The Board has overall responsibility for putting in place a framework of good corporate governance within the Company, including the processes for financial reporting, risk management, internal control and compliance. Board members bring their independent judgement, diverse knowledge and experience in deliberations on issues pertaining to strategy, performance, resources and business conduct.

The Board focuses on the following matters which are specifically reserved for the Board and they constitute the key responsibilities of the Board:-

Strategic Plan:

Establishing and evaluating the vision and mission statements, approving and monitoring overall strategic plans for the Group including the strategies on promoting sustainability;

- I. Evaluating, approving and monitoring the Group's business plan;
- II. Evaluating, approving and monitoring major capital commitments, acquisitions and divestitures, capital management, major corporate transactions, and corporate exercises;
- III. Evaluating business performance and achievement of targets quarterly; and
- IV. Approving the payment of interim dividends and recommending any final dividend payments.

Overall Management and performance:

- I. Delegating authority for the operations and administration of the organization to the Executive Committee which comprises all executive directors and is led by the Managing Director.
- II. Collaborating with the Executive Committee in:
 - articulating the organization's vision, mission, values and strategies;
 - developing strategic plans and setting strategic priorities; and
 - maintaining an organization structure to support the achievement of agreed strategic objectives.

Risks Management and Internal Control System:

- I. Evaluating and approving a risk management framework which is embedded in the Group's management systems and provides a structured approach in identifying, assessing and managing the key risks faced by the Group. The risk management framework shall cover compliance with legal and regulatory requirements;
- II. At least quarterly reviewing and monitoring the Group's risks, exposures and the internal controls that are in place to mitigate such risks; and
- III. Approving the Statement on Risk Management and Internal Controls to be included in the Annual Report.

Succession Planning and Human Resources Management:

- I. Approving appointments of all Directors and Board Committee members;
- II. Determining and approving remuneration packages of all Executive and Non-Executive Directors. The Board shall recommend the fees for Non-Executive Directors for the approval of the shareholders of the Company at its AGM;
- III. Appointing members to the Remuneration Committee.

- IV. Approving the appointment and accepting the resignation of the Company Secretary; and
- V. Ensuring that the Group maintains a strong organization structure with a dynamic senior management team, and provision for succession.

Shareholder/Investor Relations and Corporate Communications:

- I. Establishing and updating the Corporate Disclosure Policy of PKHB;
- II. Approving all announcements to Bursa Malaysia;
- III. Maintaining the highest standards of transparency and accountability by ensuring the timely disclosure of information to shareholders, potential investors and the public;
- IV. Endeavouring to provide shareholders and the public with a balanced assessment of the Group's performance, position and prospects on a quarterly basis via the quarterly reports and press releases and to provide timely and adequate disclosure of information on matters of material impact to the public;
- V. Providing an Annual Report to shareholders and meeting them annually; and
- VI. Maintaining a web-site where shareholders and the general public can access the latest corporate information of the Group including annual reports, quarterly reports, corporate governance information and announcements made to Bursa Malaysia.

Accountability and Audit:

- I. Appointing members to the Audit committee to assist the Board in the effective discharge of its responsibilities relating to financial reporting, corporate governance and corporate control;
- II. Reviewing key issues deliberated and decided by the Audit Committee quarterly;
- III. Reviewing and approving the Financial Statements with the aim of presenting a balanced and understandable assessment of the Group's financial position in the annual audited financial statements and the quarterly reports to shareholders;
- IV. Ensuring that the financial statements are prepared in accordance with the Companies Act and applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group;
- V. Issuing a Statement on Directors' Responsibility for Preparing the Annual Audited Financial Statement to be included in the Annual Report;
- VI. Approving the Audit Committee Report for the Annual Report;
- VII. Considering recommendations of the Audit Committee in regards to the appointment of external auditors and their remuneration; and
- VIII. Formulating ethical standards through the Poh Kong Code of Ethics and Conduct.

Others Matters reserved specifically for the decision of the Board

- I. Approving financial authority limits for transactions including decisions on substantial transactions that are not of a revenue nature in the ordinary course of business and expenditure and contracts above a certain limit;
- II. Approving all banking facilities required by the Group; and
- III. Ensuring that the organization has appropriate corporate governance structures in place including promoting a culture of corporate and social responsibility, compliance to the MCCG 2012 and approving Corporate Governance Statement for the Annual Report.

Certain principal responsibilities of the Board mentioned have been delegated by the Board to several Board Committees, in line with the Code and best corporate governance practices. While the Board Committees have the authority to examine particular issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the entire Board.

2.3 Separation of position of Chairman and Managing Director/Chief Executive Officer (MD/CEO)

To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairman and Managing Director (equivalent to Chief Executive Officer) are distinct and separate with a clear division of responsibilities between the Chairman and the MD, so that no individual dominates the decision-making process.

Given the knowledge and extensive involvement of the Chairman in the business deriving from his wealth of experience and industry goodwill benefiting directly the Group; the above roles remain vested in the Chairman.

Nevertheless, functionally and for all purposes and intent, the responsibilities of the MD are executed by delegated authority to designated Senior Management to ensure that division and accountability in essence are separated. Further, all decisions on matters reserved for the Board are made after due deliberation by the Board and the Board Committees, where required.

2.4 Role of Chairman

The Board is led by a Chairman who is responsible for the leadership and management of the Board and ensuring the Board and its Committees function effectively. The Chairman assumes the formal role of a leader and chairs all Board meetings, leads discussions among Directors and provides leadership to the Board in its oversight of management.

The Chairman facilitates the flow of information between Management and the Board, and in consultation with Management, sets the agenda for each Board meeting. Other key roles of a Chairman are to ensure, among others:

- I. The smooth functioning of the Board, the governance structure and inculcating positive culture in the Board;
- II. Guidelines and procedures are in place to govern the Board's operations and conduct;
- III. All relevant issues are on agenda for Board Meetings and Directors actively participate in Board deliberations;
- IV. The Board debates strategic and critical issues;
- V. The Board receives the necessary information on a timely basis from the management;
- VI. The training and development needs of the Board members are reviewed and addressed; and
- VII. Leading the Board in oversight of proper conduct and management of the affairs of the Group.

2.5 Role of Managing Director (MD)

The MD assumes the overall responsibility for the implementation of the Group's strategy and in carrying out the Board's directions, managing the businesses of the Company and driving performance within strategic goals and commercial objectives.

As MD, he leads the management team in carrying out the corporate strategy and vision of the Group. He is accountable to the Board for the day-to-day management and operations of the Group's businesses.

The key roles of MD include, among others:-

- I. Developing objective, vision, strategic direction and business targets;
- II. Ensuring strategies and corporate policies are effectively implemented;
- III. Ensuring Board decisions and directions are implemented;
- IV. Establishing appropriate organisation structure of the Company to implement short and long term business plans;
- V. Providing strong leadership to the management team and employees;
- VI. Keeping the Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is distributed to Board members; and
- VII. Ensuring the day-to-day business affairs of the Group are effectively and efficiently managed.

2.6 Senior Independent Non-Executive Director

The Board has appointed a Senior Independent Non-Executive Director who serves as the designated point of contact between shareholders and Independent Directors/Chairman, to whom concerns or queries may be raised, as an alternative to the formal channel of communication with shareholders, especially on sensitive issues.

The Senior Independent Non-Executive Director also assists with concerns regarding the Company where it would be inappropriate for those to be dealt with by the Executive Directors.

2.7 Roles of Board Committees

The Board delegates specific responsibilities to the Board Committees comprised of:-

- I. Audit Committee (AC)
- II. Risk Management Committee (RMC)
- III. Executive Committee (EC)
- IV. Nomination Committee (NC)
- V. Remuneration Committee (RC)

The said Committees operate within clearly defined roles and responsibilities as set out in the terms of reference of each of the Committees. The Board Committees report to the Board on their deliberations, findings and recommendations.

The Chairmen of the AC, RMC, EC, NC, and RC report to the Board on matters dealt with at their respective Board Committee Meetings. Minutes of the AC, RMC, EC, NC, and RC are presented at the Board meetings for further discussion and direction. While these

Committees have the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by these Committees will be brought to the attention of the Board, which is collectively responsible for the decisions made.

The following diagram shows a brief overview of the four main Board Committees of the PKHB Board, each of which is explained below:



2.7.1 Audit Committee (AC)

The primary objective of the AC is to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls, management and financial reporting practices of the Group. The key responsibilities of AC are to ensure reliability and integrity of the Company's financial accounting and reporting, disclosure, and monitoring of internal control processes within the Company. The AC meets regularly to, among others, review the quarterly results, full year financial statements, audit reports and internal controls, as well as related party transactions.

2.7.2 Risk Management Committee (RMC)

The RMC is responsible for identifying the key risks faced by all operating units within the Group and the management action plans to mitigate these risks for report to the Board, amongst others, to ensure that the risk policies and procedures are aligned to the business strategies. It also reviews, assesses and ensures there is adequate framework for risk identification, measurement, monitoring and control.

2.7.3 Executive Committee (EC)

The Executive Committee is primarily responsible for developing the Group's strategy and business plan including annual estimates for the approval of the Board; overseeing the implementation of the approved strategy and business plan; undertaking an on going process for identifying, reviewing and managing the significant risks faced by the Group;

managing the operational activities and routine business matters and entering into transactions up to an approved limit; and management of manpower requirements and succession planning.

2.7.4 Nomination Committee (NC)

The NC which comprises of Independent Directors is responsible for making recommendations for any new appointments to the Board. In making these recommendations, the NC considers the required mix of skills and experiences which the Directors would bring to the Board. The key task of the NC is to ensure that the Company recruits and retains the best available Executive and Non-Executive Directors with the right mix of skills and knowledge relevant to the Company.

2.7.5 Remuneration Committee (RC)

The RC plays an essential role in overseeing the quality of the remuneration information, disclosures and decisions of the Company, and building public trust and making sustainable business decisions. It is appointed by the Board to assist in ensuring that the remuneration policies are in its long-term interests. The RC must ensure that the remuneration decisions remunerate Executives and Non-Executives Directors fairly and responsibly, and to deliver shareholder value.

3. CODE OF ETHICS, RISK MANAGEMENT AND INVESTOR RELATIONS

3.1 Ethics and Compliance

3.1.1 Code of Ethics for the Board

The Board of Directors observe the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.

The Code of Ethics provide guidance for proper standards of conduct and sound and prudent business practices as well as standard of ethical behaviour for Directors, based on principles of integrity, responsibility, sincerity and corporate social responsibility.

Duty of Care and Diligence

All Directors shall at all times exercise his/her powers for a proper purpose and in good faith in the best interest of the Company. He/she shall exercise reasonable care, skill and diligence with the knowledge, skill and experience which may reasonably be expected of a

Director having the same responsibilities; and any additional knowledge, skill and experience which he/she in fact has.

Business Judgment

A Director who makes a business judgment is deemed to meet the requirements of the duty as aforesaid and the equivalent duties under the common law and in equity if he/she:

- I. Makes the business judgment in good faith for a proper purpose;
- II. Does not have a material personal interest in the subject matter of the business judgment;
- III. Is informed about the subject matter of the business judgment to the extent the Director reasonably believes to be appropriate under the circumstances; and
- IV. Reasonably believes that the business judgment is in the best interest of the Company.

Reliance on Information Provided by Others

A Director in exercising his/her duties may merely rely on information, professional or expert advice, opinions, reports or statements including financial statements and other financial data, prepared, presented or made by:

- I. Any officer of the Company whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- II. Any other person retained by the Company as to matters involving skills or expertise in relation to matters that the Director believes on reasonable grounds to be within the person's professional or expert competence;
- III. Another Director in relation to matters within the Director's authority; or
- IV. Any committee to the Board of Directors of which the Director did not serve in relation to matters within the committee's authority.

A Director's reliance on information provided by others is deemed to be made on reasonable grounds if it was made in good faith; and after making an independent assessment of the information or advice, opinions, reports or statements, including financial statements and other financial data, having regard to the director's knowledge of the Company and the complexity of the structure and operation of the Company.

3.1.2 Code of Ethics for employees and Whistleblowing Policy

The management and staff of the Company are guided by the Group's Code of Conduct (COC) as contained in the Staff Handbook. New recruits are briefed on the COC upon joining and are required to acknowledge in writing their acceptance and understanding of the code.

Further reinforcement on the code is also done during the Company's training programmes periodically.

Management and employees are expected to observe high standards of integrity and fair dealing in relation to customers, business partners, staff and regulators in the network locations where the Company operates.

In order to strengthen corporate governance practices across the Group, a whistle-blowing policy was established to provide employees with an accessible avenue to report suspected fraud, corruption, dishonest practices or other similar matters.

The aim of this policy is to promote and encourage the reporting of such matters in good faith with the confidence that the staff making such reports will be protected from any retaliation in the form of dismissal, harassment or discrimination at work, or any action in court, in respect of disclosure made by the whistle blower to the regulators.

3.2 Risk Management

The Board has established a system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage through the Enterprise-wide Risk Management Framework ("ERMF"). The ERMF is the overarching framework that sets out the Company's approach to internal governance and establishes the mechanisms and processes by which the Board directs the organisation, through setting the tone and expectations from the top, delegating its authority and monitoring compliance.

The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to achieving the company strategic objectives and to provide reasonable assurance that internal controls are effective. The key elements of the company's system of risk management and internal control are set out in the risk management control frameworks relating to each of the company's key risks and in the organisation operational risk framework. The ERMF is reviewed by the Risk Management Committee and the Board quarterly. The Board has delegated the responsibility of ensuring the effectiveness of risk management to the Risk Management Committee ("RMC").

3.3 Succession Planning

Succession planning encompasses both for the Board under the purview of the Nomination Committee and for Management under the Group Human Resource.

Succession planning for key management staff includes various programs – talent pools, senior management development and individual development plans. Experienced and key senior management staffs contribute to the pool of potential candidates for executive-Directorship appointments.

3.4 Investor Relations and Shareholder Communication

The Group is committed to ensure that shareholders are well-informed of the performance, prospects and activities of the Company. The main channels of Investor Relations and shareholder communication deployed are as follows:

- I. Timely release of quarterly results announcement and other corporate disclosures to Bursa Malaysia Securities Berhad (Bursa Securities), which are available from Bursa Securities website;
- II. Updates on the Company's activities, product launching and operations are also disseminated through meetings and presentations to analysts, fund managers and institutional investors, as well as through press releases and press conferences from time to time;
- III. Annual Report and Circulars, where mandatory, sent to shareholders containing comprehensive information on financial performance and various other areas of interest to shareholders;
- IV. Annual General Meeting (AGM) of the Company which has been the main forum of dialogue for shareholders to raise their concerns and provide feedback to the Board on the Group's performance and direction;
- V. The Group also invites the external auditors to attend the AGM and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's reports;
- VI. A press conference will be held after the AGM to advise the media of the resolutions passed by shareholders, brief the media on the operations, performance and financial results of the Group and clarify issues posed by the media;
- VII. Shareholders can gain access to information about the Group including information released to Bursa Securities, e-dividend, Annual Reports, media releases through the Company's website at www.pohkong.com.my

Feedback received from shareholders and other stakeholders shall be given due consideration by the Group when making business decisions.

4. DIRECTORS' TERMS OF SERVICE, ASSESSMENT & OTHER MATTERS

4.1 Appointments of Directors

The Nomination Committee, which comprises of Independent Directors, is responsible for making recommendations for any new appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experiences which the Directors would bring to the Board. Any new nomination received is recommended to the Board for approval.

The key task of the Nomination Committee is to ensure that the Company recruits and retains the best available Executive and Non-Executive Directors with the right mix of skills and knowledge relevant to the Company.

4.2 Restriction on Directorships

Any Director of the Company is permitted to serve as a Director in a maximum of four (4) other listed companies.

Each Director confirms his/her time commitment to the Board at the time of appointment. In addition, the Director shall notify the Chairman before accepting any new directorship which includes an indication of time that will be spent on the new appointment.

4.3 Term of Appointment

Each year, 1/3 of the Directors or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3), retire from office at the Annual General Meeting, and being eligible, may offer themselves for re-election at the Annual General Meeting.

Directors appointed during a financial year hold office until the next Annual General Meeting and if eligible, may offer themselves for re-election at the Annual General Meeting.

A Director who is up to retirement by rotation but does not offer himself for re-election shall retire at the conclusion of the Annual General Meeting.

4.4 Tenure of Independent Directors

The tenure of service of Independent Directors is generally capped at the maximum limit of nine (9) years as required by the Code. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event that the affected Director is to

remain designated as an Independent Director, the NC's recommendation based on appropriate justification and shareholders' approval is required.

The NC undertakes assessment of the independence of the Independent Directors, upon admission, annually and as and when new interest of relationship develops.

4.5 Board and Gender Diversity Policies

The Company remains committed to selecting suitable persons for the role in regard to Board level appointments. In selecting new directors, the Board has regard to the skills, experience, diversity of background and perspectives represented on the Board, to enable the Board to effectively discharge its duties and responsibilities in a dynamic business environment.

Where boardroom diversity is concerned, the Board does not adopt any gender diversity policy in the selection of new Board candidates and does not have a specific policy on setting targets for female candidates. However, the Board recognizes the importance of gender balance in the Board. At present, there is woman representation at the Board level. The Nomination Committee will consider female candidates as and when the potential candidate is available.

4.6 Directors' Remuneration

The Company shall provide a fair, reasonable and competitive remuneration for its Executive and Non-Executive Directors to ensure that the Company attracts and retains high calibre Directors who have the skills, experience and knowledge to increase entity value to the benefit of all shareholders.

The remuneration policy for Executive Directors is based on the executive functions and responsibilities as well as contribution and performance of each member to the business of the Company.

The Non-Executive Directors will receive Directors' fees not linked to profits/turnover or performance of the Company, but with consideration of role, responsibilities and time commitment to the Company, inclusive of roles in Board Committees.

The Board shall determine the remuneration of Executive Directors and Non-Executive Directors taking into consideration the recommendations of the Remuneration Committee. No Director takes part in discussion and decision making on his/her own remuneration. The aggregate amount of Directors' fees to be paid to Non-executive Directors is subject to the approval of the shareholders at a General Meeting.

4.7 Board Annual Assessment

The Nomination Committee had reviewed and assessed the mix of skills and experience of the Board and Board Committees. All assessments and evaluations carried out by the Nomination Committee are properly documented.

The assessment and comments by Directors' are summarized pertaining to the effectiveness of the Board and its Board Committees are tabled at the Nomination Committee meeting. The Nomination Committee Chairman will then report to the Board on the Directors' assessment and evaluation.

4.8 Directors Training & Development

Newly appointed Directors attend the mandatory Accreditation Programme conducted by Bursa Securities and are briefed by the management on the business, operations and risk management of the Company, the Company's organisation structure and functional areas of business units.

Board members are encouraged to attend training programmes conducted by competent professionals and which are relevant to the Company's operations and business, including new developments pertaining to the laws and regulations and changing commercial environment which may affect the Board and/or the Company.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes, to facilitate the Directors in discharging their duties effectively. The details of training attended by the Directors are disclosed in the Annual Report.

5. BOARD MEETINGS

5.1 Board Meetings

5.1.1 Call for meeting and proceedings

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit.

Any Director may, whenever he thinks fit, and the Secretary at the request of a Director shall, call a meeting of the Board of Directors as provided in the Articles of Association of the Company.

The Company Secretary is responsible to ensure minutes are recorded for all Board and Board Committee meetings, and the minutes duly confirmed by the Chairman of the meeting shall be reviewed and adopted at the subsequent meeting.

5.1.2 Notice of Meeting

Unless otherwise determined by the Directors from time to time, seven (7) days' notice of all Directors' meeting shall be given to all Directors. Any Director may waive notice of any meeting either prospectively or retrospectively.

5.1.3 Quorum for Board Meeting

Under the Articles of Association, the quorum shall be at least two (2) Directors. However, Board meetings are only fixed on dates when all or a majority of Directors are able to attend.

5.1.4 Frequency of Meeting

The Board shall meet at least five (5) times a year, at least every quarter, not later than two (2) months after the end of the financial quarter, to discuss business strategy, quarterly results and financial performance, risk management, matters pertaining to compliance and governance, and corporate exercises, if any, as well as reports on matters deliberated by the respective Board Committees. Special meetings may be called by the Board from time to time as required.

5.1.5 Attendance at Board Meeting

Individual Directors shall attend at least 50% of the Board Meetings held in each calendar year. The office of a Director shall become vacant if a Director is absent from more than 50% of the total Board Meetings held in a year.

The Company Secretary shall attend all Board and Board Committee meetings. Key management are invited to attend Board and Committee Meetings to provide inputs as and when necessary. Auditors, other professional advisors and consultants may also be invited to brief the Board on specific areas as required.

5.1.6 Conflicts of Interest

The Companies Act 1965 and Bursa Listing Requirements subject the Directors to disclosure requirements. Directors shall comply with the Companies Act 1965 in connection with

disclosure of shareholding and interests in the Company and interest in any contract or proposed contract with

the Company, which include the nature, character and extent of any office or possession of any property, whether directly or indirectly, duties or interests that might be created in conflict with his/her duty or interest as a Director of the Company. General notice given by a Director is tabled at the Board Meetings and the declarations made are recorded in the minutes of the Board Meeting, in line with the Companies Act, 1965.

Internal policies and procedures are in place to address potential conflicts of interest situations, in areas, such as Related Party Transactions.

5.1.7 Voting and decision making

Any question arising at a Board Meeting is decided by a majority of votes after due discussion and deliberation, and the Chairman has a second and casting vote. A Director is required to abstain from deliberations and voting in respect of any contract or proposed contract or arrangement in which he/she has direct or indirect interest.

The Chairman and the Board may, if deemed necessary and appropriate, request an interested Director to excuse himself/herself in the deliberation.

Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings. Such resolutions are signed by a majority of the Directors and valid as if the resolution was passed at a Board Meeting duly called and constituted.

5.1.8 Right of Directors to access information and advice

Management shall provide the Board and Committees with information in a form, within acceptable time frame and quality that enable them to discharge their duties and responsibilities effectively. Board papers are generally circulated to Directors five working (5) days prior to the date of the Board meeting to allow the Directors sufficient time to review the papers and issues arising.

Directors are entitled to request and receive additional information they consider necessary in order to make informed decisions, including the following:-

- I. Obtaining full and unrestricted access to any information pertaining to the Company;
- II. Obtaining full and unrestricted access to the advice and services of the Company Secretary; and

- III. Obtaining professional independent advice, with the Chairman's prior written consent, at the Company's expense. The Director should provide notice to the Company Secretary of the intention to seek independent advice and shall provide the name(s) of the professional advisors proposed to be engaged, together with a brief summary of the subject matter on which professional advice is being sought.

In the event that one or more directors seek to appoint one or more advisors on the same or similar matter(s), the Chairman shall initiate discussions to reach consensus on the advisor to be engaged.

5.2 Committee Meetings

The Executive Committee meets once in two months, the Audit Committee, the Risk Management Committee meet quarterly at the minimum, while other Board Committees meet annually at the minimum, and as and when the need arises, to deliberate on matters under their purview.

5.3 Company Secretary

The Board appoints the Company Secretary who plays an important advisory role as a central source of information and, assist and advice the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Group. The

Company Secretary shall also assist the Board Chairman in organizing the Board's activities including providing information, preparing an agenda, reporting of meetings, evaluations and training programmes.

The Company Secretary who reports directly to the Board must be suitably qualified or licensed under the prevailing statutory requirements and is competent with adequate authority and experience to discharge his/her duties described herein.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

5.4 Financial Reporting

The Board of Directors is responsible to ensure that the financial statements are prepared for each financial year and that it gives a true and fair view of the state of affairs of the Company and comply with applicable financial reporting standards.

Additionally, it is the Board's responsibility to ensure that the financial statements are prepared on a going concern basis and appropriate accounting policies are applied consistently and are supported by reasonable and prudent judgments and estimates.

6.0 REVIEW OF CHARTER

This Charter is to be reviewed by the Board.

7.0 ACCESS TO THIS CHARTER

Key features of this charter are to be outlined in the Company's Annual Report. A copy of the Charter is available on the Company's website.

This Charter is adopted in accordance with a resolution of the Board dated March 2014.

APPENDICES:

- Appendix 1 Directors' Code of Ethics
- Appendix 2 Terms of Reference of Audit Committee
- Appendix 3 Terms of Reference of Risk Management Committee
- Appendix 4 Terms of Reference of Executive Committee
- Appendix 5 Terms of Reference of Nomination Committee
- Appendix 6 Terms of Reference of Remuneration Committee

APPENDIX 1:

TERMS OF REFERENCE OF DIRECTORS' CODE OF ETHICS

1. TERMS OF REFERENCE

As prescribed by Section 132 of the Companies Act 1965, Directors of a Company shall at all times act in good faith and in the best interest of the Company. Directors shall adhere to the general principles of integrity, objectivity, accountability, openness, honesty and leadership.

The Directors shall observe the Directors' Code of Ethics, which includes the following:

- I. Observe high standards of corporate governance, in particular the practices set out in the Malaysian Code on Corporate Governance 2012, the Main Market Listing Requirements of Bursa Malaysia, the Companies Act, 1965 and the Capital Markets and Services Act, 2007;
- II. Not misuse information gained in the course of duties for personal gain or for any other purpose, nor seek the opportunity of the service as Directors to promote private interests or those of connected persons, firms, businesses or other organisations; and
- III. Directors shall adhere to the regulatory requirements pertaining to trading in the Company's shares, including insider trading.

Appendix 2:

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. TERMS OF REFERENCE

Objective

The primary objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls and risk management processes, management and financial reporting practices of the Group.

Membership

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors.

The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Director. No Alternate Director shall be appointed as a member of the Audit Committee.

Chairman

The Chairman of the Committee shall be an Independent Director appointed by the Board. He shall report on each meeting of the Committee to the Board.

Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of the meetings of the Committee and circulating them to the Committee members and to the other members of the Board.

Qualification

At least one (1) member of the Audit Committee:

- I. must be a member of the Malaysian Institute of Accountants or
- II. if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and

- a. he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or
- b. he/she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967 or
- c. fulfills such other requirement as prescribed or approved by the Bursa Securities.

Meeting and Minutes

Meetings shall be held not less than four (4) times a year. The presence of External and/or Internal Auditors will be requested, if required, but without the presence of any Executive Directors. Other members of the Board and senior management may attend meetings upon the invitation of the Audit Committee. Both the Internal and/or External Auditors may request a meeting if they consider it to be necessary. The Audit Committee shall meet with the External Auditors without Executive Board members present at least twice a year.

Authority

The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It shall have unrestricted access to any information pertaining to the Group, both the Internal and External Auditors and to all employees of the Group. The Committee is also authorized by the Board to obtain external legal or other independent professional advice as necessary in the discharge of its duties.

Duties and Responsibilities

The Audit Committee undertakes, amongst others, the following duties and responsibilities:

- a) To discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
- b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;
- c) To review with the External Auditors, their evaluation of the system of internal controls, their management letter and management's responses;
- d) To review the following in respect of Internal Audit:
 - adequacy of scope, functions and resources of the firm of Internal Auditors (that was engaged to undertake the Internal Audit function) and that it has the necessary authority to carry out its work;

- the Internal Audit programme and results of the Internal Audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
 - the major findings of Internal Audit investigations and management's responses, and ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
 - review any appraisal or assessment of the performance of members of the Internal Audit function;
 - review and approve any appointment or termination of senior staff members of the Internal Audit function; and
 - take cognizance of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- e) To review the quarterly reporting to the Bursa Securities and year end annual financial statements of the Group before submission to the Board, focusing on:
- compliance with accounting standards and regulatory requirements;
 - any major changes in accounting policies;
 - significant and unusual items and events.
- f) To review any related party transaction and conflict of interests situation that may arise within the Group including any transactions, procedure or course of conduct that raises questions of management integrity;
- g) To consider the appointment of the External Auditors, the terms of reference of its appointment and any question of resignation and dismissal before making a recommendation to the Board;
- h) To review the adequacy and effectiveness of risk management, internal control and governance systems instituted in the Group;
- i) To perform such other functions and responsibilities as may be agreed by the Committee and the Board, and as may be required from time to time in compliance with the Main Market Listing Requirements and the Malaysian Code of Corporate Governance 2012 (MCGG 2012 or the Code).

INTERNAL AUDIT FUNCTION

The Internal Audit function is performed in-house by the Group Internal Audit Department and is outsourced to two internal auditors. The Internal Audit function is independent of the activities audited. The function is performed with impartiality, proficiency and due professional care.

The Internal Audit Department reports directly to the Audit Committee Chairman, and regularly reviews and appraises the Group's key operations to ensure that key risk and control concerns are being effectively managed.

APPENDIX 3:

TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

1. TERMS OF REFERENCE

Introduction

Risk is inherent in every business and the increased complexity of today's global environment together with the increasing regulatory legislation requires Organisations to effectively identify and manage risks in order to successfully achieve the Corporate objectives.

Purpose

The purpose of the Terms of Reference is to set out the role, objectives, responsibilities and authority of the Board Risk Management Committee (BRMC). The Board may delegate its role in the review process to the BRMC. However, the Board, as a whole, remains responsible for all the actions of the BRMC with regard to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control in the Company's Annual Report.

Approval

The Terms of Reference of the BRMC shall be approved by the Board of Directors.

Objectives

The objectives of the BRMC are:

- I. To provide effective risk oversight of the Company's Enterprise Risk Management (ERM) strategy, framework, policies and activities;
- II. To assist the Board in the process of determining the Risk Appetite;
- III. To assist the Board in the effective implementation of Risk Management practices and policies into the Company's Governance framework, business processes, structures, cultures and activities
- IV. To provide the Board with the feedback to assist the Directors to sign the Statement on Risk Management & Internal Audit.
- V. Make necessary recommendations to the Board where improvement in controls is needed to manage the risks.

Composition

The composition of the BRMC shall be as follows:

- I. The BRMC shall be appointed by the Board from among their number and shall consist of no less than five (5) members, two of whom are Non Executive directors.
- II. The Chairman of the BRMC shall be a Non-Executive director appointed by the Board.
- III. The quorum shall be three (3) members.
- IV. The Risk Manager shall act as the Secretary to the Committee.

The Risk Manager has full access to the BRMC and may attend meetings with or without the executive management team present.

- I. The Chief Executive Officer and the Chief Finance Officer shall be attendees at each meeting. They are required to provide assurance to the BRMC on the adequacy of the Risk Management in the Company.
- II. The Head of Internal Audit shall be in attendance at each meeting.
- III. The Committee shall invite such directors, officers and/or employees of the Company, as it may deem appropriate, to attend a Committee meeting and assist in the discussion and consideration of matters relating to Enterprise Risk Management in the Company.

Frequency of meetings

Meetings shall be held quarterly and, as otherwise required, to enable the BRMC to fulfill its obligations. The Risk Manager may request a meeting with the BRMC if he/she deems it necessary.

Authority

The BRMC shall have:

- I. the Authority and Access to the information, records or reports relevant to the Company's activities from employees of the Company in order to perform its duties and;
- II. the necessary resources required to carry out its duties and may obtain independent legal or professional advice on any matters within its terms of reference as it considers necessary

The Management of the respective business units and divisional/ departmental level is responsible for:

- I. identifying, assessing, monitoring and reporting of risks and internal control
- II. taking appropriate and timely corrective action as needed
- III. providing assurance to the BRMC and the Board that the Risk Management framework is being implemented effectively.

Reporting arrangement into the BRMC

The BRMC is supported by the Risk Manager in the coordination of the Risk Management activities and reporting to the Board. The Risk Manager is responsible for communicating the Company's ERM framework, policies, processes and reporting requirements to the business units, divisions and departments and facilitating the effective implementation of appropriate controls.

Reporting and Escalation to Board

The Chairman of the BRMC shall report to the Board on the Committee's deliberations after each meeting.

APPENDIX 4:

TERMS OF REFERENCE OF THE EXECUTIVE COMMITTEE

1. TERMS OF REFERENCE

Objective

The Executive Committee shall have primary authority for the management of the Company's operations and strategic policy implementation, subject to policies approved by the Board of the Company (the "Board") and within financial limits set by the Board from time to time. The authority of the Executive Committee shall not extend to matters which have been expressly reserved to the Board.

Membership

The Executive Committee shall be appointed by the Board and shall comprise at least seven members primarily from Executive Directors from the main board and subsidiaries of the Company.

The Chairman of the Executive Committee shall be the Executive Chairman and in the absence of the Executive Chairman, an executive director shall act as chairman.

Others may be invited by the Executive Chairman to attend all or part of any meeting.

The Company Secretary of the Company or their nominee shall act as secretary of the Executive Committee (the "Secretary").

Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of the meetings of the Committee and circulating them to the Committee members and to the other members of the Board.

Duties and Responsibilities

The Executive Committee is authorised by the Board of the Company to exercise the powers and discretions. The authority of the Executive Committee shall include, but not be limited to:

Direction and Business Plans

- I. Reviewing, communicating and managing the delivery of the Group's strategy.
- II. Agreeing and recommending the Group's Business Plan to the Board
- III. Managing the delivery of the agreed Business Plan.

Financial Performance

- I. To review the quarterly financial results of the Group
- II. Overseeing the performance of the Group including performance against annual forecast.
- III. To review the financial performance and cash flow requirement of the Group.

Policies and Procedures

- I. To formulate and review the Group's Standard Operating Procedure ("SOP") including
 - Authority limits
 - Capital Expenditure limits as approved by the Board
 - Credit Administration
 - Risk Management & Internal controls
 - IT and Security
 - Human Resource Planning and Succession Planning.
- II. Ensuring effective organization structure within the Group which is consistent with the effective delivery of the Group's business plan.
 - Reviewing and approving the Group's Performance Based Incentive schemes for managers and employees.
- III. Ensuring the Group maintains an effective internal control framework which is designed to enable the Group to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Group's strategic objectives
 - Ensuring the quality of internal and external reporting; and
 - Ensuring compliance with applicable laws and regulations with the Group's Business.

Delegation

The Committee may delegate its authority on such terms as it thinks fit and has delegated certain authorities to its Executive Sub-Committees or any officers of the Company and such person or persons shall, in the exercise of the powers so delegated, conform to any regulations that may time to time imposed on the Executive Committee.

Meeting and Minutes

Meetings shall be held not less than six (6) times a year, (where appropriate such meetings should be timed by reference to the Company's financial reporting cycle) and otherwise on such occasions as may be required.

In addition, a meeting of the Executive Committee may be convened by any of its members or the Secretary if they consider it necessary.

The quorum for transaction of business by the Executive Committee shall be any four members of whom at least one must be the Groups Managing Director.

The Executive Committee shall operate by majority decision.

In the case of an equality of votes, the chairman of the Executive Committee shall be entitled to an additional or casting vote in addition to any other vote he may have.

The Executive Chairman shall report the activities of the Executive Committee meeting to the next appropriate meeting of the Board.

The Executive Committee shall conduct an annual review of the work of and the members of the Executive Committee and these terms of reference and make recommendations to the Board.

APPENDIX 5:

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

1. TERMS OF REFERENCE

Objective

The Nomination Committee ensures adequate training and orientation for new Directors with respect to the business structure and management of the Group, as well as the expectation of the Board with regard to their contributions to the Board and the Group. Regular continuing education programmes and seminars would be organized for the Directors to keep them abreast of the latest developments and advances in Corporate Governance.

The Nomination Committee also assists the Board in its annual review of the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board and to assess the effectiveness of the Board as a whole, as well as, look into succession planning, boardroom and gender diversity and training courses

Membership

The Nomination Committee shall be appointed by the Board from amongst the Directors and shall comprise of three (3) Non-Executive Directors, who are Independent Directors.

The members of the Nomination Committee shall elect a Chairman from among their members who shall be an Independent Director. No Alternate Director shall be appointed as a member of the Nomination Committee.

Chairman

The Chairman of the Committee shall be an Independent Director appointed by the Board. He shall report on each meeting of the Committee to the Board.

Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of the meetings of the Committee and circulating them to the Committee members and to the other members of the Board.

Meeting and Minutes

Meetings shall be held at least once a year although additional meetings maybe called at any time upon the discretion of the Chairman.

Other members of the Board and senior management may attend meetings upon the invitation of the Committee.

The Committee should be entitled to the services of a company secretary who must ensure that all appointments are properly made, that all necessary information is obtained from directors, both for the company's own records and for the purposes of meeting statutory obligations.

Authority

The Nomination Committee is authorized by the Board :

- I. To recommend appointments to the Board, and the full Board has the power to accept or reject the nominations as appointments to the Board.
- II. To fill casual vacancies or as additional appointments to the Board subject to the maximum number allowed by the Memorandum and Article of Associations of the Company.
- III. Have unrestricted access to members of management, employees and relevant information.

Duties and Responsibilities

Develop, maintain and review criteria for recruitment and annual assessment of Directors Appointment of Directors

The Nomination Committee, which comprises of Independent Directors, is responsible for making recommendations for any new appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experiences which the Directors would bring to the Board. Any new nomination received is recommended to the full Board for assessment and endorsement.

The key task of the Nomination Committee is to ensure that the Company recruits and retains the best available Executive and Non-Executive Directors with the right mix of skills and knowledge relevant to the Company.

Re-election of directors

The Articles of Association ("The Articles") of the Company provides that one-third (1/3) of the Directors are required by rotation to submit themselves for re-election by Shareholders at every Annual General Meeting ("AGM") at least once in every three (3) years.

The Articles of the Company further provides that all Directors who are appointed during the financial year are subject to retirement and re-election by the shareholders at the AGM following their appointment.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Gender diversity policy

Where boardroom diversity is concerned, the Board does not adopt any gender diversity policy in the selection of new Board candidates and does not have a specific policy on setting targets for female candidates.

However, the Board recognizes the importance of gender balance in the Board. At present, there is woman representation at the Board level. The Nomination Committee will consider female candidates as and when the potential candidate is available.

Annual assessment

During the financial period under review, the Nomination Committee had reviewed and assessed the mix of skills and experience of the Board and Board Committees.

All assessments and evaluations carried out by the Nomination Committee are properly documented. The assessment and comments by Directors' are summarized pertaining to the effectiveness of the Board and its Board Committees are tabled at the Nomination Committee meeting. The Nomination Committee Chairman will then report to the Board on the Directors' assessment and evaluation.

APPENDIX 6:

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. TERMS OF REFERENCE

Objective

As a body representing the board, the Remuneration Committee plays an essential role in overseeing the quality of the remuneration information, disclosures and decisions of a company. The Remuneration Committee therefore plays a significant role in building both public trust and in making sustainable business decisions.

The remuneration committee is appointed by the board to assist it in ensuring that the remuneration policies of a company are in its long-term interests. The Remuneration Committee must ensure that the remuneration decisions remunerate Executives and Non-Executives Directors fairly and responsibly, and deliver shareholder value.

The Remuneration Committee has final authority on all remuneration matters of the company, subject only to the approval of the board, and in the case of non-executive director fees, approval by the shareholders.

Effective Remuneration Committees manage the tensions between the expectations of executives and the needs of the company and its shareholders and stakeholders.

Membership

The Remuneration Committee shall be appointed by the Board from amongst the Directors and shall comprise of not less than three (3) members, the majority of which shall comprises of Non-Executive Directors.

The members of the Remuneration Committee shall elect a Chairman from among their members who shall be an Independent Director. No Alternate Director shall be appointed as a member of the Remuneration Committee.

Chairman

The Chairman of the Committee shall be an Independent Director appointed by the Board.

Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of the meetings of the Committee and circulating them to the Committee members and to the other members of the Board.

Meeting and Minutes

Meetings shall be held at least once a year although additional meetings maybe called at any time upon the discretion of the Chairman.

Other members of the Board and senior management may attend meetings upon the invitation of the Committee.

The Committee should be entitled to the services of a company secretary who must ensure that all appointments are properly made, that all necessary information is obtained from directors, both for the company's own records and for the purposes of meeting statutory obligations.

Authority

The Remuneration Committee is authorized by the Board:

- I. To recommend to the Board the remuneration of the Executive and Non-Executive Directors.
- II. To assist the Board in ensuring the remuneration of the Directors reflects the responsibility and commitment of the Director concerned.
- III. Have unrestricted access to members of management, employees and relevant information.

Duties and Responsibilities

- I. To determine and agree with the Board the framework or broad policy for the remuneration and compensation of the Company's Chief Executive, Chairman, Managing Directors and Executive Directors of the Company.
- II. To ensure that members of the Executive Directors of the Company are provided with appropriate and fair incentives scheme to encourage enhanced performance for their contributions to the success of the Company.
- III. To review and recommend the remuneration and compensation packages of Managing Directors and Executive Directors of the Company. No director shall be involved in any decisions as to their own remuneration.
- IV. To recommend the Independent Non-Executive Directors' fees to the Board subject to shareholders' approval at the Company's AGM.
- V. To review the ongoing appropriateness and relevance of the remuneration policy.