

SINMAH CAPITAL BERHAD

[Registration No. 199401015973 (301653-V)]

BOARD CHARTER

1. Purpose of the Board Charter

The Board Charter (“Charter”) sets out the roles, responsibilities and authorities of the Board of Directors (“Board”), both individually and collectively, and of management in setting the direction, the management and control of Sinmah Capital Berhad (“Sinmah” or “the Company”) with the aim of streamlining and enhancing corporate governance practices towards transparency, accountability and integrity in boardroom activities.

The conduct of the Board of Directors of the Company is also governed by the Constitution of the Company.

The Charter is designed to serve as a tool of the Board to provide guidance and clarity for directors and management regarding the roles and responsibilities of the Board and its Committees, the requirements of directors in carrying out their stewardship role and in discharging their duties towards the Company and the Board’s operating procedures.

It is also a policy document that the Board has decided upon to meet its statutory and other responsibilities and serves as a reminder for the Board of the statutory framework within which it operates. In addition, the Charter also serves as a source of reference to all stakeholders. As a cornerstone of the Company’s governance system, this Charter needs to be treated as a living document, closely aligned with the strategic direction. It needs to be reviewed and updated regularly, and used as an important induction tool for new directors. Thus, the Board has reviewed and updated the Charter annually to keep the Charter current and raises the directors’ awareness of the Company’s overall policy framework. This Board Charter, including the Terms of Reference of the Board Committees are made available on the Company’s website at www.sinmah.com.my.

2. Mission, Vision, Values & Personality

Mission

Our mission is to provide quality housing to the Malaysian public.

Vision

Our vision is to improve and expand our activities continuously, focusing on environmental protection and conservation practices. Our employees are essential to the Company’s development and achievement of its mission.

Values

- Integrity* - Sinmah establishes long-lasting relationships based on integrity. For our employees, integrity means taking responsibility for the action and not diverting it to others. We take decisions, have initiative, express opinions and contemplate on what is best for the Company and society at large.
- Professionalism* - Our employees are professionals that strive for the very highest standards in everything we do. We know our limitations and we never make promises we cannot keep.
- Improvement* - In Sinmah, we strive for continuous improvement. We are proactive and anticipate customer expectations.
- Service* - Our motto is to always keep our promises and never promise what we cannot deliver. We listen to and understand our customers' need and expectations to provide optimum quality services that satisfy their requirements and objectives.
- Passion* - Everything we do, we do with passion. Our passion defines how we interact with others. We empathise with everybody we work with, be it colleagues, customers, suppliers and shareholders.

Personality

We strive for transparency in all our dealings and compliance with all regulatory authorities.

3. Interpretation

3.1 In this Charter:

“Board” means the Board of Directors of the Company;

“Board Committees” means committees established by the Board from time to time, including the Audit Committee, Nomination Committee and Remuneration Committee;

“Bursa Malaysia” means Bursa Malaysia Securities Berhad;

“Business” means the business of the Company and all its subsidiaries;

“Chairman” means the Chairman of the Board and is used in a gender-neutral sense;

“Company Secretary(ies)” means the Board secretary(ies) or the person(s) normally exercising the functions of a Board secretary;

“Directors” means members of the Board;

“Group” means the Company and all its subsidiaries;

“Independent Director” is defined in accordance with Paragraph 1.01 of the Listing Requirements;

“Listing Requirements” means the Main Market Listing Requirements of BursaMalaysia;

“Management” means the management personnel of the Group; and

“Shareholders” means the shareholders of the Company.

4. Role of the Board and its principal responsibilities

- 4.1 The Charter develops a shared understanding of the Board’s role throughout the Company and assists the Company’s leadership in delivering good governance.
- 4.2 The Board is collectively ultimately responsible for establishing all strategies and policies relating to the running of the Company.
- 4.3 The Board is collectively responsible for establishing all strategies and policies relating to the running of the Company and the creation of long-term shareholder value, whilst taking into account interests of other stakeholders.
- 4.4 The Board’s role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.
- 4.5 The principal responsibilities of the Board are as follows:
 - (a) reviewing and adopting a strategic plan, as developed by Management, taking into account the sustainability of the Company’s business, with attention given to the environmental, social and governance aspects of the business;
 - (b) overseeing the conduct of the Company’s business, including monitoring the performance of Management to determine whether the business is being properly managed;

- (c) identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
- (d) succession planning - ensuring that all candidates appointed to senior management positions are of sufficient calibre and that there are programmes to provide for the orderly succession of senior management;
- (e) overseeing the development and implementation of a shareholder communication policy and an investor relations programme for the Company;
- (f) reviewing the adequacy and integrity of the Company's management information and internal control systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance;
- (g) reviewing the sustainability of the Group, including setting the sustainability strategies, priorities and targets which are aligned with the Group's overall strategy and vision;
- (h) together with senior management to promote a good corporate governance culture by reinforcing the accountability, transparency, integrity, professionalism and responsible conduct ethical, prudent and professional behaviour; and
- (i) overseeing the Group's adherence to high standards of conduct or ethics and corporate behaviour, including the Code of Ethics for Directors of the Company.

4.6 In discharging the above responsibilities, Directors are expected to:

- (a) be aware of the environment the Group is operating in;
- (b) exercise diligence for a proper purpose and avoid undeclared conflict of interest situations;
- (c) understand their oversight role, including the exercise of independent and objective judgment in decision making;
- (d) commit and devote sufficient time and efforts in discharging their duties responsibly;
- (e) contribute actively in Board discussion and deliberation of issues by providing sound advice based on the Directors' experience and specific expertise they bring to the Board as well as any additional knowledge,

skill and experience which he has and may be guided as follows:-

- (i) Ensuring that the Company or Group has established an effective governance system and process, including compliance with regulatory requirements;
 - (ii) Refraining from rushing into decision-making. Provide adequate time for deliberations and evaluations of transactional and financial matters;
 - (iii) Require sufficient notice and distribution of board papers and explanatory appendices in advance of meetings;
 - (iv) Convene supplemental meetings in response to requests for further information before the final decision;
 - (v) Make informed decisions based on the information provided and analysis and recommendations of the company's independent professional advisers;
 - (vi) Ensuring that there is no undue pressure from dominant personalities or nominees of significant shareholders; and
 - (vii) Base reliance on others where there is sound basis for doing so.
- (f) attend regular training programmes in order to be apprised of changes in regulatory requirements the Group is subjected to;
- (g) act in good faith and must act honestly in line with the Company's interest
- 4.7 To ensure the direction and control of the Company are in the hands of the Board, a formal schedule of matters reserved for the Board's deliberation and decision is set out in **Appendix A** of this Charter.
- 4.8 The Board shall establish an internal audit function, which is independent of the activities it audits, and identify a head of internal audit or outsource the internal audit function to external consultant who reports directly to the Audit Committee. The Board shall ensure that periodically test internal control and risk assessment systems set up for integrity and soundness.

5. Representation, communication channel and investor relations of the Company

- 5.1 The Board looks to management to speak on behalf of the Company and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to

relevant laws and regulatory requirements.

5.2 The Board authorises two (2) of its members to be determined by the Board from time to time to be the official spokespersons for the Company.

5.3 The Board shall have the relevant corporate disclosure policies and procedures to ensure comprehensiveness, accuracy and timeliness. These policies and procedures shall ensure compliance with the relevant disclosure requirements as enumerated in Listing Requirements.

5.4 The Company shall consider the use of information technology in communicating with stakeholders, including a dedicated section for Investor Relations on the Company's website. This section shall provide information such as, amongst others, the Company's performance, corporate strategy, Annual Report and other matters affecting shareholders' interests.

5.5 Several communication channels are used to promote effective communication between the Group and its stakeholders:

5.5.1 Annual General Meeting ("AGM")

The AGM is regards to an important avenue for engaging and communicating with stakeholders, for which it enables stakeholders of the Group to engage directly with the Group's Directors and Senior Management. At the AGM, all shareholders are invited to raise questions to members of the Board.

5.5.2 Extraordinary General Meeting ("EGM")

EGM is also another avenue for the Board of Directors of the Company to engage with stakeholders such as shareholders and gain insights on the Company's latest development and business activities. The circular to shareholders together with the notice of the EGM will be issued and circulated to all the shareholders of the Company informed of the Company's strategies, business activities, business and financial performance, including the sustainability of its performance prior to the EGM.

5.5.3 Periodic and Continuous Disclosures

The Company will provide shareholders with information that is relevant and timely. The Company's key channel of shareholder communication includes the Company's annual report, corporate governance report, press release and quarterly group financial results.

The annual report and corporate governance report will provide comprehensive and up-to-date information about the Group. Periodically press releases is another avenue for the Company to communicate with its stakeholders on the corporate and business

developments of the Group. The Company may disseminate its press releases through financial press, printed and electronic media for wider publicity and media coverage to keep the stakeholders informed of the progress and development of the Group's businesses.

5.5.4 Electronic Communication

The Company's corporate website (www.sinmah.com.my) is a platform to provide convenient access to the latest as well as historical information about the Company and the Group. Once relevant information is disclosed to the public and available to investors, it is also published on the corporate website.

The corporate website will dedicate Investor Relations section and Corporate Governance section that provide relevant investor-related information. The information available on the corporate website includes corporate and financial information, annual reports, press releases and regulatory announcements made to Bursa Malaysia.

The Company will provide an email address which all shareholders can send their queries to and make any inquiry.

5.6 Investor Relations

The Company maintains a corporate website where investors and stakeholder can gain access to information about the Group.

Besides that, the Company ensures that announcements are duly made to Bursa Securities in accordance with the Listing Requirements so as to keep shareholders and stakeholders informed of issues that need reporting to enable shareholders and stakeholders to make informed decisions on their investment in the Company.

The Company recognises the importance of providing timely and accurate information to its shareholders. Therefore, the Group targets to announce its results ahead of the deadline set by Bursa Securities. The quarterly results for the four quarters closing were all made within the deadline set by Bursa Securities.

6. Board composition and structure

6.1 Board balance and composition

6.1.1 The Board shall be led by a Chairman, appointed by the Board, and comprise at least two (2) members or one-third (1/3) of the Board, whichever is higher, who are Independent Directors and at least one (1)

director on the Board is a woman, in accordance with the Listing Requirements. If the number of directors is not three (3) or multiple of three (3), then the number nearest one-third (1/3) shall be used for purposes of determining the requisite number of Independent Directors. Whilst the Company's Constitution allows for no less than two (2) or no more than twelve (12) Directors, the Board shall examine and determine its size periodically in relation to the effective running of the Company's business.

Independent Director is a person who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company. The existence of Independent Directors on the Board by itself does not ensure the exercise of independent and objective judgment as independent judgment can be compromised by, amongst others, familiarity or close relationship with other board members.

- 6.1.2 Therefore, the Board with assistance from Nomination Committee undertakes to carry out annual assessment of the independence of its Independent Directors and focus beyond the Independent Directors' background, economic and family relationships and consider whether the Independent Director can continue to bring independent and objective judgment to board deliberations.

The Listing Requirements emphasise that even if a person does not fall within any of the disqualifying indicators enumerated out in Paragraph 1.01 of the Listing Requirements, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director.

There must be a conscious application of the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company, for example, test of independence of mind and independence in appearance. Nomination Committee will carry out the test of independence of mind on the Director to determine if the state of mind of the Director permits him/her to exercise independent judgment without being affected by influences that compromise objectivity; whereas the test of independence in appearance relates to the test that the Director is free from any personal, family or economic interests which would lead a third party to cast doubts on an Independent Director's objectivity.

- 6.1.3 The attributes of collegial yet independent decision-making that must be vested in the Independent Director will be determined in part by the character of the individual and that of the whole ethos of the Board. The

tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years since appointment as Independent Director.

- 6.1.4 The Independent Director may continue to serve on the Board beyond the nine (9)-year tenure provided the Independent Director is re-designated as a Non-Independent Director. Where the Board is of the view that the Independent Director can continue beyond the nine (9)-year tenure, it must justify and seek shareholders' approval annually in a general meeting.
- 6.1.5 An Independent Director must not serve in the Company and/or in any one or more of the Company's related corporation for a cumulative period of more than twelve (12) years from the date of his/her first appointment as an Independent Director.
- 6.1.6 The Executive Directors in particular are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-coordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Director shall be person of calibre, credibility and have the necessary skill and experience to bring independent judgment to the decision making of the Board and provide a capable check and balance for the executive directors as well as contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. The positions of Chairman and Managing Director ("MD") are held by different individuals and there is a clear division of responsibilities of these individuals to ensure a balance of authority and power.
- 6.1.7 The Board shall also identify, from amongst its members for inclusion in the Company's Annual Report, a Senior Independent Non- Executive Director to whom the concerns of fellow Directors, shareholders or stakeholders may be conveyed.
- 6.1.8 The Board opined that its members should have wide ranging experience, skill, knowledge that add value to the Company and its Group. The qualifications for Board membership are the ability to make informed business decisions and recommendations; possesses an entrepreneurial talent for contributing to the creation of shareholder value; relevant experience, the ability to appreciate the wider picture of the Group's business; ability to ask probing operational related questions; high ethical standards; sound practical sense; and total commitment to furthering the interests of shareholders and achievement of the Group's goals. In addressing this, the Board shall consider recommendations by the Nomination Committee pertaining to nominees for directorship in the Company.

- 6.1.9 Directors shall not sit on the boards of more than five (5) listed issuers and before accepting any new directorship, Directors shall notify the Chairman, the notification of which shall include an indication of time that will be spent on the new appointment

6.2 Appointment and Re-election

- 6.2.1 The Board will consider and decide on the appointment of a new director upon appropriate recommendation from the Nomination Committee.

For the assessment and selection of Directors, the Nomination Committee shall consider objective criteria, merit with due regard of prospective Directors' character, experience, competence, integrity and time availability, as well as the following factors:

- industry skills, knowledge expertise, age, cultural background;
- professionalism;
- diversity, ability to lead by example;
- contribution and performance;
- in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors;
- Nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business, that the person has with the Company and its subsidiaries; and
- such other criteria and attributes that may be deemed important or relevant by the Board

- 6.2.2 Newly appointed director unless they have already attended the same, must attend Mandatory Accreditation Programme Part I within four (4) months and Mandatory Accreditation Programme Part II within 18 months from the date of appointment, as prescribed by Bursa Malaysia. Pursuant to the Company's Constitution, one third (1/3) of the Board members are required to retire at every AGM and be subjected to re-election by shareholders.

- 6.2.3 Newly appointed directors shall hold office until the next AGM and shall be subjected to re-election by the shareholders. All Directors shall retire once every three (3) years but shall be eligible for re-election.

- 6.2.4 To enhance its effectiveness, the Board shall ensure its members have the relevant skills, experience, expertise and time commitment. The Nomination Committee is, therefore, entrusted by the Board to

appraise candidates for directorship, including those who retire and offer themselves for re-election, before recommending to the Board.

- 6.2.5 The composition of the Board shall be assessed by the Nomination Committee, to ensure the Board is of an appropriate mix to optimise the Board's performance, as a whole, and align the Board's capabilities with the Company's strategic direction.

7. Roles of Chairman

- 7.1 The Chairman assumes a leadership role in the Board and represents the same to shareholders of the Company and other stakeholders. He is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board as a whole.
- 7.2 There are two main aspects to the Chairman's role. They are the Chairman's role within the boardroom and the Chairman's role outside the boardroom.

A) Inside the Boardroom

Inside the Boardroom, the role of the Chairman is to:

- (i) Provide leadership to lead the Board in its collective oversight of Management;
- (ii) Establish the agenda for Board meetings in consultation with the MD and Company Secretary;
- (iii) Ensure that all Directors are enabled and encouraged to participate at Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
- (iv) Ensure that Executive Directors look beyond their executive functions and accept their full share of the responsibilities of governance;
- (v) Guide and mediate the Board's actions with respect to organisational priorities and governance concerns;
- (vi) Undertake the primary responsibility for organising the information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis;

- (vii) Chair Board meetings;
- (viii) Be clear on what the Board has to achieve, both in the long and short term;
- (ix) Provide guidance to other Board members about what is expected of them;
- (x) Ensure that Board meetings are effective in that:
 - the appropriate matters are considered during the meeting (for example, strategic and important issues);
 - matters are considered carefully and thoroughly;
 - all Directors are given the opportunity to effectively contribute; and
 - the Board comes to clear decisions and resolutions are noted;
- (xi) Ensure that the Board behaves in accordance with its Charter;
- (xii) Manage the interface between the Board and Management; and
- (xiii) Perform other responsibilities as assigned by the Board, from time to time.

B) Outside the Boardroom

Outside the Boardroom, the role of the Chairman is to:

- (i) In conjunction with the MD, undertake appropriate public relations activities to provide effective communication with stakeholders and to communicate their views to the Board;
- (ii) Be the spokesperson for the Company at the annual general meeting and in the reporting of performance and profit figures;
- (iii) Be the major point of contact between the Board and the MD;
- (iv) Be kept fully informed of current events by the MD on all matters which may be of interest to Directors;
- (v) Regularly review with the MD, and such other appropriate senior officers, progress on important initiatives and significant issues facing the Company; and

- (vi) Provide mentoring for the MD.

8. Roles of MD

- 8.1 The MD, assisted by his fellow Executive Directors (“EDs”), serves as a conduit between management and is responsible for implementing the programme to achieve the Company’s goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board, besides managing the daily operations of the Company. The position reports directly to the Board.
- 8.2. The MD’s primary objective is to seek to achieve the ongoing success of the Company through being responsible for all aspects of the management and development of the Company. The MD is of critical importance to the Company in guiding the Company to develop new and imaginative ways of winning and conducting business and must possess industry knowledge and credibility to fulfil the requirements of the role.
- 8.3. The MD will manage a team of executives responsible for all functions contributing to the success of the Company.
- 8.4. Generally, the MD, assisted by his EDs as the case may be, is responsible to the Board for the following:
- (a) achievement of agreed Company’s goals and observance of management authorities delegated by the Board;
 - (b) developing long-term strategic and short-term business plans, designed to enable the Company’s requirements for growth, profitability and return on capital are achieved, subject to the Board’s review and adoption;
 - (c) Overseeing the business and day-to-day operations to ensure smooth and effective running of the Group;
 - (d) Selecting and appointing key staff as well as responsible for ensuring high competency, productivity and performance through performance management and professional development;
 - (e) Communicating the Group’s mission, vision, values and personality to the employees;
 - (f) providing assistance to members of the Board and the Board Committees, as required, in discharging their duties;
 - (g) assisting the Chairman in organising information necessary for the Board to deal with the agenda and for providing such information to Directors on a timely basis;
 - (h) expecting to act within all specific authorities delegated to him by the Board;
 - (i) executing management of the Group’s business, covering, inter-alia, the

- development of a sustainable strategic plan, an annual operating plan and budget, performance benchmarks to gauge Management's performance, and an analysis of Management reports;
- (j) Directing and controlling all aspects of the business operations in a cost-effective manner;
 - (k) Effectively overseeing the human resource of the organisation with respect to key positions in the Group hierarchy and ensuring the general well-being of employees, including the determination of remuneration as well as terms and conditions of employment for Senior Management personnel and issues pertaining to discipline of all employees;
 - (l) Effectively representing the interest of the Group with major customers, governments and their agencies, and industries at large, to ensure general goodwill towards the Group and cooperation in planned development;
 - (m) Providing assistance to members of the Audit, Nomination and Remuneration Committees, as required, in discharging their duties;
 - (n) Assisting the Chairman in organising information necessary for the Board to deal with the agenda and for providing such information to Directors on a timely basis;
 - (o) Ensuring the success of the Company's governance and management functions;
 - (p) Undertaking the role of key company spokesperson;
 - (q) Ensuring appropriate risk management practices and policies are in place;
 - (r) Developing and motivating direct reports and their respective teams;
 - (s) Assessment of business opportunities of potential benefit to the Company; and
 - (t) Responsibility for proposals for major capital expenditure to ensure their alignment with corporation strategy and justification on economic grounds.

8.5. The Board shall receive the following from or through the MD at its scheduled meetings:

- reports on the performance and activities of the Group for the period under review, including explanations for significant fluctuations over the period;
- where appropriate, a briefing pertaining to risk management issues, challenges faced by the Group, changes to legislations that may affect the Group's operations, litigations and other salient events or issues affecting the Group; and
- such assurances as the Board considers necessary to confirm that the management's limits are being observed

- 8.6. In discharging the above responsibilities, the MD can delegate appropriate functions to any member of Senior Management, including EDs, who shall report to the MD.

9. Role of Executive Director

ED are, as employees, involved in the day-to-day management of the Group. The EDs shall act within all specific authorities delegated to them by the Board.

10. Roles of Non-Executive Directors (“NEDs”)

10.1 NED are further classified as:

- (i) those who have no direct or indirect pecuniary interest in the Company other than their Directors’ fee, related emoluments and their “permitted” holdings of shares in the Company, i.e. Independent Non-Executive Directors; and
- (ii) those who are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but have pecuniary interest in the Company, either as shareholders or otherwise and whether direct or indirect, i.e. NED.

10.2 NED act as a bridge between management, shareholders and other stakeholders. They provide the relevant checks and balances, focusing on shareholders’ and other stakeholders’ interests and ensuring that high standards of corporate governance are applied. Letters of appointment for NED do not set out a fixed time commitment for board duties as the Board believes that the time required by the NED may fluctuate depending on demands of the business and other events. However, it is expected that NED shall allocate sufficient time to the Company to perform their duties effectively.

10.3 The roles of NEDs largely encompass the monitoring of Company performance and contributing to the development of Company strategy, clarified as follows:

- (a) Strategy: Constructively challenge and contribute to the development of Company strategy; and
- (b) Performance: Oversee the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

11. Role of Independent Non-Executive Director

11.1 Independent Directors are essential for protecting the interests of shareholders

and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

- 11.2 The Listing Requirements of Bursa Malaysia emphasise that even if a person does not fall within any of the disqualifying indicators enumerated out in Paragraph 1.01, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be a conscious application of the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company.
- 11.3 The attributes of collegial yet independent decision-making that must be vested in the Independent Director will be determined in part by the character of the individual and that of the whole ethos of the Board.

12. Role of Senior Independent Director

- 12.1 The Company has appointed a Senior Independent Director to whom concerns may be conveyed by shareholders and the public. The role of the Senior Independent Directors include:
 - Acting as a sounding Board to the Chairman;
 - Serving as an intermediary for other directors when necessary;
 - Acting as point of contact for shareholders and other stakeholders particularly on concerns which cannot be resolved through the normal channels of the Chairman and/or MD; and
 - Providing leadership support and advice to the Board in the event that the Board is undergoing a period of stress.

13. Company Secretary(ies)

- 13.1 The appointment and removal of the Company Secretary(ies) is a matter for the Board, as a whole. The Company Secretary(ies) shall be suitably qualified and capable of carrying out the duties required of the post.
- 13.2 The Company Secretary(ies) is expected to provide unimpeded advice and services to the Directors, as and when the need arises, to enhance the effective functioning of the Board and to expedite regulatory compliance.
- 13.3 The primary responsibilities of the Company Secretary(ies) include the following:
- (a) ensuring that Board procedures and applicable rules are observed;
 - (b) facilitating the orientation of new Directors and assisting in directors' training and development;
 - (c) maintaining records of the Board and Board Committees and their respective meetings and ensuring effective management of the Company's records;
 - (d) managing all Board and Board Committees meeting logistics, attending and preparing comprehensive minutes to document Board and Board Committee proceedings and ensure conclusions are accurately recorded;
 - (e) advising the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
 - (f) managing processes pertaining to the annual shareholder meeting;
 - (g) monitoring corporate governance development and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
 - (h) serve as a focal point for stakeholders' communication and engagement on corporate governance issues;
 - (i) timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements;
 - (j) advising the Board on its roles and responsibilities; and
 - (k) carrying out other functions as deemed appropriate by the Board from time to time.

14. Board Committees

14.1 As managing and controlling companies have become more complex and demanding, boards are resorting to committees to assist them in the discharge of their duties and responsibilities.

14.2 However, the existence of Board Committees does not diminish the Board's responsibility for the affairs of a company. Board can delegate powers to committees but such delegation should be subject to the following:

- Delegated authority in accordance with the Company's Constitution;
- Clearly established terms of reference, defining their responsibilities and authority, which are approved by the Board;
- The Board must supervise its delegation; and
- The Board must not merely adopt or rely on the committees' recommendations without proper assessment and testing or challenging the same. Each committee's role should be spelt out in written terms of reference approved by the Board. Each year, the Board, through Nomination Committee, reviews the Board Committee's effectiveness and performance.

14.3 The following standing Committees, with written terms of reference, have been established by the Board:

(a) **Audit Committee**

The Audit Committee is formed to play a crucial role in corporate governance process, a process that is one of the cornerstones of shareholders' protection. Board may delegate, but not abdicate its responsibilities to the Audit Committee. The Audit committee should assume four fundamental responsibilities:

- Assessing the risks and control environment;
- Overseeing financial reporting;
- Evaluating the internal and external audit process; and
- Reviewing conflict of interest situations and related party transactions.

(b) **Nomination Committee**

The Nomination Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience, assessment of Independent Directors, reviews succession plans and, boardroom diversity; oversees training courses for directors

and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.

- (c) **Remuneration Committee**
The Remuneration Committee is responsible for reviewing and recommending the remuneration framework for Directors as well as the remuneration packages of ED, NED and Senior Management to the Board, drawing from outside advice if necessary.

15. The Board's relationship with shareholders and stakeholders

15.1 The Board shall maintain an effective communications policy that enables both the Board and management to communicate effectively with the Company's shareholders, stakeholders and the general public.

15.2 It is the role of the Board to ensure that the General Meetings of the Company are conducted in an efficient manner.

- (a) The Board shall arrange for the General Meetings of the Company to be conducted in an efficient manner and serve as crucial mechanisms in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings.

The Board shall focus its efforts on the following practices to enhance the effectiveness of General Meeting: ensure that shareholders are given sufficient notice and time to consider the resolution(s) that will be discussed and decided at the General Meeting. The Board shall also ensure that each item of special business included in the notice is accompanied by a full explanation of the effects of the proposed resolution;

- (b) for re-election and re-appointment of Directors, ensure that the notice of meeting states which Directors are standing for re-appointment or re-election, with a brief description including matters such as age, relevant experience, list of directorships, date of appointments to the Board, details of participation in Board Committees and whether a particular Director is independent;
- (c) ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate, the Chairman will also undertake to provide the enquirer with a written answer to any significant question which cannot be answered immediately;

- (d) ensure that any resolution set out in the notice of General Meeting is voted by poll and to announce the detailed results of the votes cast for and against each resolution. The Chairman shall also ensure that there is a channel of communication through the Company Secretary on feedback and queries from shareholders;
- (e) ensure that all Directors attend General Meetings to provide opportunity for shareholders to effectively engage each Director as well as provide meaningful response to questions addressed to them; and
- (f) ensure the Chairman of the Board is the Chairman for all General Meetings.

16. Board procedures

16.1 Board meetings

- 16.1.1 Meetings shall be conducted at least on a quarterly basis. The Company Secretary(ies) shall in advance prepare and distribute to all Directors a timetable for the meetings for the financial year. The Company Secretary(ies) shall work together with the Chairman and MD in developing the meeting agenda.
- 16.1.2 A Director may at any time and the secretary shall on the requisition of a director summon a meeting of the directors by giving them not less than seven (7) days' notice thereof unless such requirement is waived by them. In addition to notices sent through post or by hand, notices may also be sent via facsimile, electronic mail or by any means of telecommunication in a permanent written form. The quorum necessary for the transaction of the business of the directors shall be two (2).

- 16.1.3 The Chairman of the Board shall preside at all meetings. If the Chairman is unavailable or if he is not present within fifteen (15) minutes after the time set for the holding of the meeting, the Directors present shall elect one (1) of their number to be Chairman of the meeting.
- 16.1.4 Board members are required to attend the Board meetings. However, other Senior Management may be invited to attend meetings for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises. Resolutions of any meeting of the Directors or adjourned meeting of the Directors shall be decided by a majority of votes and a determination by a majority of directors shall for all purposes be deemed a determination of the directors.
- 16.1.5 In case of an equality of votes, the Chairman of the Meeting shall have a second or casting vote.
- 16.1.6 Resolutions of the Directors at a meeting or adjourned meeting of the Directors shall be adopted by all Directors present. In the event issues requiring the Board's decision arise between meetings, such issues shall be resolved through circular resolution subsequent to discussions being held amongst the Board members, either via teleconference, videoconference, email, etc. in order for the Board as a whole to be apprised on such matters and obtain their view points before arriving at a decision.
- 16.1.7 Such circular resolution in writing shall be valid and effective if it is signed or approved by letter, electric mail, telex, telegram, telefax, cable, facsimile or other electrical or digital written message by the majority of the Directors, and such discussions, including any concerns raised and the rationale for the decisions so made in the resolution shall be tabled at the immediate Board meeting for formal record keeping.
- 16.1.8 Directors shall be deemed to be present in person at a meeting if he participates by telephone, audio or audio visual or such other electronic means and all members participating in the meeting are able to hear and/or see each other. The Directors participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed upon by the Directors in such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at, or during the meeting.

- 16.1.9 A Director shall not participate in any discussion and shall abstain from voting on contracts or proposed contracts or arrangements in which he has direct/indirect interests. A Director shall also not vote on contracts or proposed contracts or arrangements with any other company in which he is interested either in his capacity as an officer of the Company or as a shareholder of the Company.
- 16.1.10 A director notwithstanding his interest may, provided that none of the other directors present disagree, be counted in the quorum present at any meeting whereat he or any other director is appointed to hold office or place of profit under the Company or whereat the directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a director to hold any office or place of profit under any other company whereat the terms of such appointment as hereinafter mentioned are considered or where any decision is taken upon any contract or arrangement which he is in any way interested provided always that he has complied with Section 221 and all other relevant provisions of the Companies Act 2016 and its Constitution.
- 16.1.11 All acts done by any meeting of the directors or of a committee of directors or by any person acting as a director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

16.2 Agenda

The notice of a Directors' meeting shall be given in writing at least seven (7) days, or shorter notice where it is unavoidable, prior to the meeting. The Chairman, in conjunction with the MD and the Company Secretary(ies), shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst other things, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities. The agenda shall address high-priority strategic and operational issues, where necessary, and ensure that there is enough time for discussion. Agenda issues shall be aligned with the overall Company's context, including its starting situation, aspiration and priorities.

16.3 Meeting papers

- 16.3.1 To allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/or recommendations is prepared.
- 16.3.2 Minutes are prepared following a Board meeting and are circulated in draft form for the Board to ensure that the minutes accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter. The draft minutes will be re-circulated with the Board papers in readiness for signing at the following meeting. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion or concluding remarks of final decisions made. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

16.4 Access to information

A record of submissions, papers and material presented to the Board is maintained and kept by the Company Secretary, together with minutes of meetings, and is accessible to Directors during office hours. All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Board Chairman furnishing satisfactory and explicit justification for such a request. The procedures for obtaining access to information are set out under **Appendix B**.

16.5 Independent professional advice

In discharging the Directors' duties, each member of the Board is entitled to obtain independent professional advice with the cost thereof borne by the Company. Where such advice is considered necessary for the discharge of his duties and responsibilities as Director and, for the benefit of the Company, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.

17. Induction Process and Directors' training

- 17.1 The objective of the induction process and training programme is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.
- 17.2 Induction of Directors may include the following:
- time with other Directors to enable further insights and knowledge of the Company, in particular the Chairman and the Company Secretary;
 - furnishing of a copy of the previous Board minutes for at least the past six (6) months;
 - visits to key sites;
 - additional Board or Board Committee meetings as circumstances warrant during a given financial year. As in-depth knowledge of the particulars of the Company's/Group's business is vital for each Director, management is encouraged to structure Board or Board Committee meetings to allow direct involvement and review of operational activities (for example, by holding Board meetings in field operations and including market/ business activities in the Board meetings); and
 - a formal one (1) to two (2) day induction programme, including the elements above, and also presentations by key management personnel.
- 17.3 Directors are strongly encouraged to undergo training to equip themselves to effectively discharge their duties as a Director and for that purpose he ensures that he attends such training programmes.
- 17.4 Directors are required to undergo the Mandatory Accreditation Programme Part I and Part II under the requirements of Bursa Malaysia. In addition, Directors are required to attend relevant training courses/seminars at periodic intervals to keep them abreast with development pertaining to the oversight function of Directors as well as updates on technical matters, for example financial reporting standards, tax budgets, etc. The Nomination Committee in association with the Chairman shall decide on the continuous education training programme for Directors.
- 17.5 At the start of each financial year, the Board collectively should discuss to assess the training needs of each Director and to decide on the type of training that may be required for effective and efficient discharge of Directors' duties and responsibilities.

17.6 The costs of the Mandatory Accreditation Programme and/or continuing education program shall be borne by the Company.

18. Appointment, Vacation of office and removal of directors

18.1 Any Director of the Company shall not be considered fit for directorship if the Director:

- has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a Company;
- has been convicted by a court of law, whether within Malaysia or elsewhere, of an offence, involving bribery, fraud or dishonesty or where the conviction involved a finding that the Director acted fraudulently or dishonestly; or
- has been convicted by a court of law of an offence under the securities laws of Malaysia or the Companies Act 2016, within a period of five (5) years from the date of conviction or if sentenced to imprisonment, from the date of release from prison.

18.2 Upon the appointment of a Director, the said Director shall provide to Bursa Malaysia an undertaking prescribed by Bursa Malaysia immediately and in any event not later than fourteen (14) days

18.3 Where a Director is removed from office, the Company must forward to Bursa Malaysia a copy of any written representations made by the Director at the same time as copies of such representations are sent to shareholders/management of the Company under Section 207(3)(b) of the Companies Act 2016.

19. Directors' external commitments

19.1 The Company Secretary should facilitate the Directors' annual independence and conflict of interests declarations, which will allow the Directors to perform an annual self-declaration on independence (i.e. for Independent Non-Executive Directors) and conflict of interest (i.e. for all Directors).

20. Conflict of interest and related party transactions

- 20.1 A Director who is in any way, weather directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Companies Act 2016. The Directors shall state the fact and the nature, the character and extent of any office or profession of any property that may duly, directly or indirectly be in conflict with his duties as a Director. The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof otherwise as provided for in the Constitution of the Company.
- 20.2 Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- 20.3 An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.
- 20.4 Related party transactions include any financial transaction between a Director or officer and the Company and will be reported to each Board meeting.

21. Directors' Remuneration

- 21.1 NEDs will be paid a fee for acting as Directors of the Company, subject to approval by shareholders.
- 21.2 The remuneration of EDs shall be recommended by the Remuneration Committee with the individual Director concerned abstaining from discussing his individual remuneration. The amount of remuneration payable shall be determined with reference to corporate and individual performance of Directors.

22. Board and member assessment

The Nomination Committee is entrusted by the Board to review the performance and effectiveness of the Board and Board Committees, including individual Directors, annually, with the assessment report, together with a report on the Board balance covering the required mix of skills, experience and other qualities of Board members for discussion at the full Board.

23. Directors' Code of conduct

23.1 The Board of Directors of the Company shall ensure that the Group upholds high standards of ethics and corporate behaviour. A governing Board is in a position of trust. It holds in trust not only the Group's physical and intellectual assets but also the efforts of those who have gone before. It preserves and grows these things for the current and future generations. Its stewardship will protect the organisation from harm and steer it towards positive achievement. Details of the same are stated in the Code of Conduct and Ethics for Company Directors.

24. The Company's Constitution and Management's limit

24.1 The Board operates pursuant to the powers and is subject to rules in the Constitution of the Company as adopted by shareholders in General Meeting.

24.2 Management is expected to act within all specific authorities delegated to it by the Board. Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practices or professional ethic.

- a) applied in practice having regard to their spirit and general principles rather than the form itself; and
- b) summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.

24.3 The Board endeavours to comply at all times with the principles and practices as set out in this Charter.

24.4 The Board will periodically review and update the Charter in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.

24.5 Any updates to the principles and practices set out in this Charter will be made available on the Company's website.

Appendix A

FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

The following summarises the list of matters reserved for the Board's deliberation and decision:

1. Board structure

- (a) Appointment and recommendation for removal of Directors.
- (b) Appointment and removal of Company Secretary(ies).
- (c) Establishment of Board Committees, their members and the specific terms of reference.

2. Board remuneration

- (a) Recommendation of Directors' fees for Non-Executive Directors to be approved by shareholders.
- (b) Approval of remuneration packages, including service contracts, for Executive Directors and Senior Management.

3. Company's operations

- (a) Review and approval of Company strategic plan and annual budget (including capital expenditure budget).
- (b) Approval of capital expenditure exceeding prescribed thresholds based on the formalised limits of authority.
- (c) Approval of investment or divestment in a company, business, property or undertaking.
- (d) Approval of investment or divestment of a capital project which represents a significant diversification from the Company's existing business activities.
- (e) Approval of major changes in the activities of the Company.
- (f) Approval of treasury policies and bank mandates of the Company.
- (g) Approval of limits of authority for the Company.

4. Financial

- (a) Approval of financial statements and their release (including financial reports for announcement to Bursa Malaysia Securities Berhad).
- (b) Approval of any corporate announcement to the regulators like Bursa Malaysia Securities Berhad and Securities Commission.
- (c) Approval of any transactions that require shareholders' approval.
- (d) Approval of Directors' Report, Corporate Governance Statement and Internal Control Statement for inclusion in the Company's Annual Report.
- (e) Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval.

- (f) Adoption of accounting policies in line with the Malaysian Financial Reporting Standards.
- (g) Review the effectiveness of the Group's system of risk management and internal controls via the Audit Committee.

5. Others

- (a) Granting of power of attorney by the Company.
- (b) Entering into any corporate guarantee and indemnity issued by the Company.
- (c) Recommendation for the changes in the Company's Constitution.
- (d) Change in financial year end.
- (e) Recommendation for purchase of own shares by the Company.
- (f) Recommendation for issue of debt instruments.
- (g) Any other matters requiring the Board's approval under the limits of authority adopted by the Company and Group.

PROCEDURES ON ACCESS OF INFORMATION

A. INFORMATION SEEKING PROTOCOL

Directors will adhere to the following protocol when seeking information:

- Approach the Executive Director (“ED”) or Company Secretary to request the required data;
- If the data is not forthcoming, approach the Chairman; and
- If the information is still not forthcoming, write a letter to all Board members and the ED detailing the information that is required, purpose of information, and who the director intends to approach in order to obtain the information.

B. INSPECTION OF MINUTES AND OTHER DOCUMENTATION

- Requisition to inspect minutes or other documents/records must be made in written form and be submitted to the Company Secretary at least three (3) working days from the date of inspection.
- Each requisition must state clearly the type of documents, date of publication and purpose of inspection.
- Inspection must be done within the office premise and no extraction of documents in its physical form is allowed out of office premise.
- Photocopying of the minutes is allowed upon request.
- The Company Secretary or their nominee will notify the Director once the said documents or records are ready for inspection.
- Any changes to the date of inspection must be notified within twenty-four (24) hours prior to the date of inspection.

C. ACCESS TO PROFESSIONAL ADVICE

- A Director of the Company is expected to exercise considered and independent judgment on the matters before them. To discharge this expectation, a Director may from time to time need to seek independent, expert opinion on matters before them.

- Prior to seeking professional advice a Director shall inform the Chairman about the nature of the opinion or information sought, the reason for the advice, the terms of reference for the advice and the estimated cost of the advice and obtain the approval of the Chairman.
- If the Chairman is seeking the advice, he will need to seek the approval of the Board. Where more than one (1) Director is seeking advice about a single issue, the Chairman shall endeavour to coordinate the provision of the advice.