



JCY INTERNATIONAL BERHAD
(Company No. 713422 X)
(Incorporated in Malaysia)

BOARD CHARTER

TABLE OF CONTENTS

No.	Table of Contents	Page
1.	Objectives	1
2.	Responsibilities of the Board	1
3.	Chairman of the Board	2
4.	Senior Independent Non-Executive Director	3
5.	Executive Committee, Chief Executive Officer and Executive Directors	3
6.	Independent Non-Executive Director	4
7.	Expectation of Individual Director	6
8.	Company Secretary	6
9.	Board Balance and Mix	7
10.	Gender Diversity	8
11.	Board Committees	8
12.	Board of Directors' Meeting	9
13.	Access to Information and Independent Advice	10
14.	Third Party Professional Advice	11
15.	Continuing Development and Training	11
16.	Appointment of Directors and Time Commitment of Directors	11
17.	Directors' Protection Deeds	11
18.	Directors' Remuneration	12
19.	Shareholdings by Board Members in the Company	12
20.	Succession Plan	12
21.	Division of Authority between the Board and the Management	12
22.	Appointment, Assessment and Removal of External Auditor	13
23.	Internal Control and Risk Management	14
24.	Commitment on Corporate Governance	14
25.	Policies and Guidance	14
26.	Application of Board Charter	15

PART A – INTRODUCTION**1. Objectives**

The Board recognises that good corporate governance practices are essential to reinforce stakeholders' confidence in the Company and its Board, which is vital to the success of the JCY Group's businesses.

This Board Charter sets out the composition and balance, roles and responsibilities, governance structure and processes of the Board. The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect and on behalf of the Company.

This Board Charter is not an "all inclusive" document and should be read as a broad expression of principles. It should be reviewed on a periodic basis and may be amended by the Board from time to time to ensure that the practices of the Board are consistent with the prevailing code of corporate governance, laws and/or regulations and reflect the Board's commitment to best practices in corporate governance.

PART B – ROLES AND RESPONSIBILITIES**2. Responsibilities of the Board**

The Directors of the Company holding executive position have the responsibility to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Directors not holding any executive position contribute their expertise and experiences to give independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standards of conduct.

In discharging their duties, the Board must exercise due care and diligence, act in good faith in the best interests of the Company, not to misuse the authority assigned to him/her and information possessed from the Company.

The stewardship responsibilities and duties of the Board focuses principally on strategies, financial performance and critical business decisions that may include the following:-

- (i) Reviewing and adopting a strategic plan for the Company;
- (ii) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- (iii) Identifying principal risks of the business, set the risk appetite within which the Board expects the Management to operate and ensuring the implementation of appropriate systems to manage these risks;
- (iv) Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (v) Succession planning, including appointing, training, compensating and, where appropriate, replacing key management; and
- (vi) Developing and implementing an investor relations programme or shareholder communications policy for the Company.

In overseeing the conduct of the Group's businesses, the Board shall ensure that an appropriate financial planning, operating and reporting framework, as well as an embedded risk management framework, are established. Elements of this combined framework include the operating plan and budget, financial statements, performance review reports, and risk management reports.

To enable the board to discharge its responsibilities in meeting the goals and objectives of the company, the board should, amongst others –

- together with senior management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on management's proposals for the company, and monitor its implementation by management;
- ensure that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess management performance to determine whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the company's business and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- ensure that the company has in place procedures to enable effective communication with stakeholders; and
- ensure the integrity of the company's financial and non-financial reporting.

3. Chairman of the Board

- (i) The Board will appoint a Chairman from amongst the Directors, who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.
- (ii) The positions of Chairman and Chief Executive Officer must be held by different individuals.
- (iii) The Chairman undertakes a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman is primarily responsible for:-
 - leading the Board to effectively discharge its fiduciary duties and responsibilities;
 - leading the Board in establishing and monitoring good corporate governance practices in the Company;
 - setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
 - leading Board meetings and discussions;
 - facilitating the proceedings of Board meetings of the Company to ensure appropriate discussions have taken place and that relevant opinions amongst members are forthcoming;

- facilitating the effective contributions of Non-Executive Directors;
- encouraging effective communication and active participation by all Board members and allowing dissenting views to be freely expressed;
- serving as the principal conduit on conflict or sensitive issues and managing the interface between Board and the Management;
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- performing other responsibilities as assigned by the Board from time to time.

4. Senior Independent Non-Executive Director

- (i) The Board identifies and appoints from amongst its members a Senior Independent Non-Executive Director ("**SINED**"), to whom the concerns of Directors and shareholders of the Company may be conveyed. The name of the SINED shall be disclosed in the annual reports of the Company.
- (ii) A designated email sined@jcyinternational.com shall be made available in the Company's website for all shareholders to access/contact the Senior Independent Non-Executive Director.
- (iii) The responsibilities of the SINED would include:-
 - a sounding Board for the Chairman;
 - serving as a designated contact person for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Company; and
 - ensuring all Independent Directors have an opportunity to provide input on the agenda and advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Directors to perform their duties effectively.

5. Executive Committee, Chief Executive Officer and Executive Directors

- (i) Executive Committee ("**EXCO**") is a management committee whose members shall consist of all the Executive Directors ("**EDs**") of the Board.
- (ii) Chief Executive Officer ("**CEO**") shall be the highest rank executive of the Company and shall be a member of the Board.
- (iii) Where there is no person designated as CEO, all the members of the EXCO shall singly and collectively assume the role of the CEO.
- (iv) The CEO is, in essence, the conduit between the Management and the Board in ensuring the success of the company's management and governance function. The CEO is responsible for the effective implementation of the Group's strategic plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth and efficient operations.
- (v) The CEO is accountable to the Board for the achievement of Group's goals and objectives and is accountable to the Board for the observance of Management's limits of authority.

- (vi) At each of its scheduled meetings, the Board should expect to receive from or through the CEO or the EDs:
- summary reports on the performance and activities of the Group and specific proposals for capital expenditure, acquisitions and disposals; and
 - such assurances as the Board considers necessary to confirm that the Management's limits are being observed.
- (vii) Generally, the CEO is responsible to the Board for the following:
- executive 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;
 - developing long-term strategic and short-term profit plans to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
 - directing and controlling all aspects of the business operations in a cost effective manner;
 - 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;
 - 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;
 - assuring that the Group, corporate identity, products and services are of high standards and are reflective of the market environment;
 - providing assistance to members of the Board Committees, as required, in discharging their duties; and
 - 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.
- (viii) In discharging the above responsibilities, the CEO can delegate appropriate functions to the EDs or any member of senior management, who shall report to the CEO.
- (ix) The EDs are responsible to assist the CEO in carrying out and discharging the CEO's duties and responsibilities assigned herein and, from time to time, by the Board.
- (x) The CEO and EDs are expected to act within all specific authorities delegated to them by the Board.

6. Independent Non-Executive Director

- (i) Independent Directors are essential for safeguarding the interests of shareholders and can make significant contributions to the Company's decisions by bringing in the quality of detached impartiality. Since an Independent Director has no conflict of interests in the discharge of his duties, he ought to approach any approval for a transaction or other matter that is being sought at the Board level with a watchful eye and with an inquiring mind.

- (ii) An Independent Director is especially important in areas where the interests of Management, the Company and/ or the shareholders/ unit-holders diverge, such as executive performance and remuneration, related party transactions and audit.
- (iii) 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.

The Independent Non-Executive Directors must ensure that they are independent of management and free from any business relationship, which could materially interfere with their independent judgment. Their role is to provide independent view, advice and judgment to ensure a balanced and unbiased decision-making process as well as to safeguard the interest of public shareholders. The Independent Non-Executive Directors are expected to advise the Chairman or the Board immediately if they believe that they may no longer be independent.

- (iv) 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.
- (v) The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve on Board subject to his/her re-designation as Non-Independent Director.
- (vi) In the event the Board intends to retain an Independent Director beyond nine (9) years, the Board shall first justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process as guided by the Malaysian Code on Corporate Governance, as follows:-

Tier 1: Only the Large Shareholder(s) of the Company votes; and

Tier 2: Shareholders other than Large Shareholder(s) votes

Large Shareholder(s) means a person who –

- (a) is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;
- (b) is the largest shareholder of voting shares in the Company;
- (c) has the power to appoint or cause to be appointed a majority of Directors of the Company; or
- (d) has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give such effect to such decisions or cause them to be given effect to.

The decision for the resolution is determined based on the simple majority of vote(s) of Tier 1, and a simple majority of votes of Tier 2. The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. The

resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

- (vii) The Board will undertake a rigorous review to determine whether the 'independence' of the director has been impaired to justify retaining an Independent Director beyond the cumulative term limit of nine (9) years.

7. Expectation of Individual Director

- (i) Each individual Director must always act within any limitations imposed by the Board on its activities.
- (ii) Directors will use their best endeavours to attend Board meetings where each Director shall commit the time to attend at least 50% of all Board Meetings and Board Committee meetings where he is part of the Board Committee in any applicable financial year with appropriate leave of absence notified to the respective Chairman of the Board or Board Committee.
- (iii) Each Director is expected to participate fully and constructively in Board discussions and other activities to bring the benefit of their particular knowledge, skills and abilities to the Board.
- (iv) Each Director is expected to strictly observe confidentiality of the Company's information, and refrain from making improper use of information gained through his position as director for his own interest, or his employer's interest, if applicable.
- (v) Each Director shall commit to provide his relevant expertise advice in the best interest of the Company.
- (vi) Each Director shall abide by the all fiduciary and statutory duties and responsibilities of a director as prescribed under Subdivision 3 of Division 2 of the Act and the Listing Requirements.

8. Company Secretary

- (i) The appointment and removal of the Company Secretary is a matter of the Board as a whole.
- (ii) The Board is supported by at least one (1) suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.
- (iii) The key role of the Company Secretary is to provide unimpeded advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- (iv) Primary responsibilities of the Company Secretary shall include:
- advise the Board on its roles and responsibilities and ensure that Board procedures and applicable rules are observed;
 - manage all Board and Board Committees meeting logistics, attend and record minutes of all Board and Board Committees meetings and facilitate Board communications;
 - advise the Board on corporate disclosures and compliance with Company and securities regulations and Listing Requirements;

- maintaining complete and accurate statutory records of the Company and ensuring effective management of the organisation's records;
- preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements; and
- carrying out other functions as deemed appropriate by the Board from time to time.

PART C – BOARD COMPOSITION

9. Board Balance and Mix

The Board recognises the need for its Directors to reflect a range of skills, experiences, expertise, and competence together with good character and integrity that are necessary for applying informed and independent judgement on issues of strategy, performance, resources utilisation and standards of conduct, all of which are vital to the Company. The Board acknowledges the nomination of its members shall be free of discrimination on the nominees' race, gender and religion. Without limiting the foregoing, the qualifications for Board membership are:

- the ability to make informed business decisions and recommendations;
- an entrepreneurial talent for contributing to the creation of shareholder value;
- relevant experience;
- the ability to appreciate the bigger picture;
- ability to ask probing operational related questions, high ethical standards, sound practical sense, and total commitment to furthering the interests of shareholders and the achievement of the Group's goals.

The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the Nomination Committee. For the assessment and selection of potential Directors, the Nomination Committee shall consider the following factors:-

- skills, knowledge, expertise and experience;
- professionalism;
- diversity;
- commitment;
- contribution and performance;
- integrity and character; and
- 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.

The appointment of Board and senior management are based on objective criterias, merits and with due regard for diversity in skills, experience, age, cultural background and gender. The Board should use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates. This may include sourcing from a directors' registry and open advertisements or the use of independent search firms.

10. Gender Diversity

- (i) The Board should be committed to workplace diversity, with a particular focus on supporting the representation of women in the composition of Board and senior management positions of the Company.
- (ii) The Board, assisted by the Management, is responsible for developing strategies to meet the objectives of gender diversity, and monitoring the progress of achieving the objectives through the monitoring, evaluation and reporting mechanisms.
- (iii) The Board, through the Nomination Committee, should conduct all Board appointment processes in a manner that promotes gender diversity, having regards also to merits of each candidate.
- (iv) The gender diversity strategies includes:-
 - (a) recruiting from a diverse pool of candidates i.e., from Director's registry, open advertisement or by the use of independent search firms for all positions, including senior management;
 - (b) reviewing succession plans to ensure an appropriate focus on gender diversity;
 - (c) identifying specific factors to take into account the recruitment and selection processes to encourage gender diversity;
 - (d) developing programs to develop a broader pool of skilled and experienced senior management and board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
 - (e) any other strategies the Board develops from time to time.

11. Board Committees

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities.

- (a) Audit Committee
- (b) Remuneration Committee
- (c) Nomination Committee
- (d) Enterprise Risk Management Committee

Each Board Committee shall operate under their respective clearly defined terms of reference. The Board Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

- (a) Audit Committee

There shall be an Audit Committee established to assist the Board in evaluating the system of financial compliance, internal control, risk management and independence of the Group's External and Internal Auditors. The Audit Committee plays a crucial role in assisting the Board to scrutinise the information for disclosure to shareholders to ensure material accuracy, adequacy and timeliness.

The Audit Committee must consist of no fewer than three (3) members. All of the members of the Audit Committee must be Non-Executive Directors with

majority of them being independent directors. The Chairman of the Audit Committee is not the Chairman of the Board and he must possess the required pre-requisite accounting qualification as prescribed under the Main Market Listing Requirements in order to lead the Committee to discharge the Audit Committee's duties.

(b) Remuneration Committee

There shall be a Remuneration Committee established to assist the Board in developing and administering a fair and transparent procedure for setting the policy and framework for Directors' and senior management's remuneration to ensure that the remuneration packages are determined on the basis of the Directors' and senior management's merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics. The Board will determine the level of remuneration of Board members and senior management, taking into consideration the recommendations of the Remuneration Committee.

The members of the Remuneration Committee shall compose a majority of Non-Executive Directors while the Chairman of the Remuneration Committee must be an Independent Non-Executive Director.

(c) Nomination Committee

There should be a Nomination Committee established to assist the Board in assessing, nominating and selecting new nominees to the Board and Board Committees, as well as to assess the effectiveness and performance of the Board, Board Committees and the individual Directors of the Company.

All of the members of the Nomination Committee must be Non-Executive Directors, and majority of them must be Independent Directors while the Chairman of the Nomination Committee must be an Independent Non-Executive Director or the Senior Independent Non-Executive Director of the Company.

(d) Enterprise Risk Management Committee

There shall be an Enterprise Risk Management Committee established to assist the Board in overseeing the risk management framework and policies, as well as in managing the risks of the Group.

The Chairman of the Enterprise Risk Management Committee must possess such necessary skills and knowledge in order to lead the committee to discharge its duties.

While the Board may appropriately delegate its authority to Board Committees or the Management, it should not abdicate its responsibility and should at all times exercise collective oversight of the Board Committees and Management.

PART D – BOARD PROCESSES

12. Board of Directors' Meeting

- (i) Board meetings will be conducted on a quarterly basis, with additional meetings to be convened whenever necessary. The Company Secretary shall prepare and distribute to all Directors a timetable for the meetings for the

year. The Company Secretary shall work together with the Chairman to develop an annual work plan to be disseminated to all Directors at the beginning of the year.

- (ii) If additional meetings are to be convened, any one (1) Director may request for such a meeting to table matters of urgency, and the Company Secretary shall upon the request of the Chairman of the Board or any one (1) Director, convene such a meeting.
- (iii) Except in the case of emergency, seven (7) days' notice of every Director's meeting will be provided in writing. In addition, Directors would also be receiving meeting materials, which are complete and accurate with sufficient details of matters to be deliberated within a reasonable period prior to the meeting. Information provided is not confined to financial data but also other non-financial information, both quantitative and qualitative, which are deemed to be critical in arriving at a sound and informed decision.
- (iv) In events of the Chairman's absence, 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 member to be the Chairman of the meeting.
- (v) Board members are required to attend the Board meetings. However, other senior officers 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. Decisions arising at any meeting of the Directors shall be decided by a majority of votes.
- (vi) The Directors may participate in a meeting of the Directors by means of telephone and video conference or by other means of communication. The physical presence of Director(s) is not compulsory and participation in the meeting in the aforesaid manner shall be deemed to constitute presence in person at such meeting. 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.
- (vii) Board discussions will be open and constructive, recognising that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. The proceedings of the Board meeting shall be properly minuted by the Company Secretary and all Board members should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

13. Access to Information and Independent Advice

- (i) All Directors have unrestricted access to the advice and services of the Company Secretary and senior management personnel in the Group. The Directors shall also have access to the Internal and External Auditors of the Group, without Management present to seek explanations or additional information.

- (ii) 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.

14. Third Party Professional Advice

- (i) Any Director may seek advice from external professionals on a specific subject matter at the expense of the Company in furtherance of their duties, so as to ensure the Directors are able to make independent and informed decisions.
- (ii) The CEO shall facilitate the request made on the paragraph above.

15. Continuing Development and Training

- (i) The Board shall proactively provide training programme to Directors to keep them abreast with developments in the market place pertaining to the oversight function of the Board in order to enable them to discharge their duties and responsibilities effectively. At the same time, the Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors.
- (ii) The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme.
- (iii) All costs incurred ancillary or incidental to the training shall be borne by the Company.

16. Appointment of Directors and Time Commitment of Directors

- (i) The duties and responsibilities of recommending new appointment of Directors have been delegated to the Nomination Committee. Nonetheless, the Board has the ultimate authority to make the final decision in this regard.
- (ii) In assessing suitability of candidates, considerations will be given to their integrity, competencies, commitment, contribution and performance.
- (iii) All Directors are expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his duty as a Director of the Company.
- (iv) All Board members shall notify the Chairman of the Board before accepting any new Directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new Directorship or significant commitments outside the Company.
- (v) Nomination Committee shall specify its expectation of time commitment for each and every existing Director and new Director to be appointed.

17. Directors' Protection Deeds

- (i) The Company shall, so long as it is permitted by laws, indemnify all costs in relation to any action taken by the Directors if such actions are taken in good faith and in the best interest of the Company at the time of the act.

- (ii) The Company shall provide appropriate Directors and Officers (D&O) liability insurance to safeguard the interests of Directors.

18. Directors' Remuneration

- (i) The Remuneration Committee is empowered to make recommendations to the Board on the Executive Directors' and senior management's remuneration.
- (ii) The Remuneration Committee is guided by the principle to "attract and retain" and at the same time, link rewards to corporate and individual Executive Directors' performance when determining the Executive Directors' remuneration.
- (iii) The remuneration of the Non-Executive Directors will be based on the experience and the level of responsibilities undertaken by them. The proposed remuneration of the Non-Executive Directors shall be a matter for recommendation of the Board as a whole.
- (iv) The remuneration and incentives for Independent Directors should not conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board's meetings.
- (v) Directors' fees payable to Directors are subject to shareholders' approval at the annual general meeting.
- (vi) Directors who are shareholders should abstain from voting at general meetings to approve their fees. Similarly, Executive Directors should not be involved in deciding their own remuneration.

19. Shareholdings by Board Members in the Company

- (i) Board members may hold shares in the Company. In any dealings by a Board member, be it buying, selling or transfer to third party, Board members must strictly observe the disclosure requirements and/or provisions under the Companies Act 2016, Listing Requirements and all other relevant legislative and regulatory requirements.
- (ii) A list of the Directors' dealings for the applicable financial period shall be tabled at every quarterly Board meeting of the Company whereupon the Board members are obliged to verify/confirm their prevailing shareholdings and movement of shareholdings.

20. Succession Plan

The CEO shall formulate an appropriate succession plan for each and every critical position of the Company for the Board's review and approval. At least once a year, the CEO should put forward this agenda item for discussion at the Board meeting.

21. Division of Authority between the Board and the Management

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes:-

- (i) any subject matter, outside the ordinary course of business of the Group, which involves a consideration of exceeding 5% of the latest audited consolidated shareholders' equity of the Group;

- (ii) any subject matter, outside the ordinary course of business of the Group, which would bring an annual profit and loss impact greater than RM10,000,000/- or 10% of the projected consolidated annual net results of the Group, whichever is higher, in the financial year concerned;
- (iii) any subject matter with a related party which involves a consideration of exceeding 1% of latest audited consolidated shareholders' equity of the Group;
- (iv) any subject matter with a related party which would bring an annual profit and loss impact greater than RM500,000 or greater than 0.5% of projected consolidated net results of the Group, whichever is higher, in the financial year concerned;
- (v) any subject matter related to bank or capital market borrowings or providing securities or corporate guarantees;
- (vi) any subject matter which will change or potentially affect the direction, strategy, value, goal or listing status of the Company and/or its major subsidiaries;
- (vii) any subject matter which will substantially affect the reputation, image, profitability and sustainability of the Company and/or its major subsidiaries;
- (viii) any subject matter which relates to conflict of interests of Directors and/or major shareholders;
- (ix) any subject matter which had been delegated to any sub-committee of the Board;
- (x) any subject matter which are required by the Memorandum & Articles of Association, law or any other statutory requirements to be decided by the Board or shareholders in a general meeting;
- (xi) any subject matter which the Board may decide requires its approval;
- (xii) appointment of external auditors; and
- (xiii) announcements to Bursa Malaysia Securities Berhad.

PART E – ACCOUNTABILITY AND AUDIT

22. Appointment, Assessment and Removal of External Auditor

- (i) Duties and responsibilities of assessing, recommending the appointment/removal and the fixing of remuneration for the external auditor have been delegated to the Audit Committee. Nonetheless, the appointment of the external auditor is to be approved by shareholders.
- (ii) Appointment, assessment and removal of external auditor shall be conducted in accordance with the Companies Act 2016 and Listing Requirements.
- (iii) External auditor, if dismissed by the Board, shall be provided with an opportunity to address to shareholders in the next immediate general meeting after the dismissal.

23. Internal Control and Risk Management

The Board affirms its overall responsibility for the Group's systems of internal controls, risk management and reviewing the adequacy and integrity of these systems.

(a) Internal Control

- (i) Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.
- (ii) The Audit Committee has been entrusted by the Board to ensure the effectiveness of the Group's internal control systems.
- (iii) An Internal Audit Department shall be established to assist the Audit Committee in discharging its duties on the review of the systems of internal control. The Internal Audit Department shall report directly to the Audit Committee.
- (iv) The Head of the Internal Audit Department shall possess such necessary qualifications and experience to carry out his/her duties and to ensure internal audit works are performed in accordance with the professional standards and guidelines.
- (v) Recognising that the internal control system must continuously improve to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group's internal control system.

(b) Risk Management

- (i) Risk management forms an integral part of the Group's business operations. The process of identifying, evaluating, monitoring and managing significant risks is embedded in the various work processes and procedures of the respective operational functions and management team.
- (ii) An Enterprise Risk Management Committee shall be established to assist the Board to assess and manage risks that are faced by the Group. Any significant issues and controls implemented shall be discussed at the regular operations and management meetings.
- (iii) A sound risk management framework shall be established to govern the risk management system of the Group.

24. Commitment on Corporate Governance

The Board is committed to uphold and implement the highest standards of corporate governance and best practices throughout its businesses.

25. Policies and Guidance

The Board may establish policies or guidance to expressively record its stance on targeted subject matters and attach the policies or guidance to this Board Charter

as appendices. The policies or guidance so attached shall form part of this Board Charter.

26. Application of Board Charter

- (i) The principles set out in this Board Charter are:-
 - a) Kept under review and updated as practices on corporate governance and further guidelines on corporate governance or Listing Requirements are issued by the relevant regulatory authority;
 - b) Applied in practice having regard to their spirit and general principles rather than to the letter alone; and
 - c) Summarised in the Annual Report of the Company as part of the narrative statements by the Directors on corporate governance.
- (ii) The Board endeavours to comply at all times with the principles and practices as set out in this Board Charter.
- (iii) The Board will review this Board Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current laws and practices.