

YOONG ONN CORPORATION BERHAD
(Company No. 814138-K)

BOARD CHARTER

1. INTRODUCTION

The Directors of Yoong Onn Corporation Berhad (YOCB) regard Corporate Governance as vitally important to the success of YOCB's business and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

- The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company,
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible to the Company for achieving a high level of good governance.
- This Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.

2. OBJECTIVES

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.

In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

3. THE BOARD

3.1 Role

- 3.1.1 The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

- 3.1.2 The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the Malaysian Code on Corporate Governance. The Board includes a narrative statement in its Company's Annual Report on the extent of compliance with the principles and best practices in Corporate Governance pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad.
- 3.1.3 The Company complies with the various guidelines issued by Bursa Securities and the Securities Commission relating to disclosure and internal audit functions.
- 3.1.4 The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.
- 3.1.5 Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management.
- 3.1.6 The Board assumes the following specific duties:
- a) Providing direction to and equipping management to formulate a strategic planning process and to adopt the recommended strategic plan and business plan aligned to ensure obligations to shareholders and stakeholders are met. This includes updating and making changes as required;
 - b) Identifying the principle risks and key performance indicators of the Group's businesses and ensuring the implementation of appropriate systems and regular evaluation of systems to manage these risks;
 - c) Establishing a succession plan, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
 - d) Developing and implementing an investors relations programme or shareholder communication policy; and
 - e) Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- 3.1.7 The Board has established written procedures determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.
- 3.1.8 The Board reserves full decision-making powers on the following matters:-
- a) Conflict of interest issues relating to a substantial shareholder or a Director;
 - b) Material acquisitions and disposition of assets not in the ordinary course of business;

- c) Investments in Capital projects;
 - d) Authority levels;
 - e) Treasury policies;
 - f) Risk management policies; and
 - g) Key human resource issues.
- 3.1.9 The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.
- 3.1.10 The Board must review the term of office and performance of an Audit Committee and each of its members at least once every 3 years to determine whether such an Audit Committee and members have carried out their duties in accordance with their term of reference.

3.2 Composition and Board Balance

- 3.2.1 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives who provide sound advice to facilitate the making of informed and critical decisions as well as to ensure the long-term health and prosperity of the Group for the benefit of shareholders.
- 3.2.2 At any one time, at least one-third (1/3) of the Board members are Independent Directors.
- 3.2.3 Profiles of Board members are included in the Annual Report of the Company.
- 3.2.4 Non-Executive Directors meet as a group at least once a year without the Chairman or Executive Directors present. There is a statement in the Annual Report on whether the Non-Executive Directors have met without the Chairman or Executive Directors being present.
- 3.2.5 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.2.6 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.2.7 The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- 3.2.8 The Board may appoint a Senior Independent Non-Executive Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the Executive Director have failed to resolve them. The Senior Independent Director chairs the meetings between the Non-Executive Directors where both the Chairman and Executive Director do not attend.

3.3 Appointments

- 3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 3.3.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 3.3.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed and all necessary information is obtained from the Directors, for both the Company's own records and for meeting statutory and regulatory requirements.
- 3.3.4 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
- 3.3.5 The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors. The Company Secretary is primarily responsible for the induction programme with appropriate assistance from other senior Executive Directors.
- 3.3.6 The Company has adopted educational / training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
- 3.3.7 In addition to the Mandatory Accredited Programme (MAP) as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.
- 3.3.8 The directorships held by any Board member at any one time shall not exceed ten (10) in listed companies and fifteen (15) in non-listed companies.
- 3.3.9 Executive Directors should not take on more than one (1) non-executive directorship, nor become Chairman of a major Company, and no individual should chair the Board of more than one (1) major Company

3.4 Tenure of Directors

- 3.4.1 All Directors submit themselves for re-election at a regular intervals, and at least once every three (3) years. One-third (1/3) of the Directors shall retire from the office at each Annual General Meeting. If the number involved is not three or in multiples of three, then the number closest to one-third shall retire from office. All retiring directors are eligible for re-election.
- 3.4.2 The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire (unless they otherwise agree among themselves) be determined by lot.
- 3.4.3 Any director appointed by the Board during the financial year shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.
- 3.4.4 The tenure of an independent director should not exceed a cumulative terms of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the Board subject to the directors' re-designation as a non-independent director. For the Board to justify and seek shareholders' approval for retaining a person who has served in that capacity for more than nine (9) years, as an independent director, the Nomination Committee/Board must conduct a review to determine whether the Director is independent in character and judgment, taking into account the need for progressive refreshing of the Board.
- 3.4.5 The tenure of an independent director should not exceed a cumulative terms of twelve (12) years. Upon completion of twelve (12) years, the non-independent director may continue to serve on the Board subject to the directors' justification and seek shareholders' approval through a two-tier voting process for retaining a person who has served in that capacity for more than twelve (12) years, as an independent director, the Nomination Committee/Board must conduct a review to determine whether the Director is independent in character and judgment, taking into account the need for progressive refreshing of the Board.
- 3.4.6 The independence of each director is reviewed at least annually and individual directors do not participate in assessing their own independence.

3.5 Supply of Information

- 3.5.1 Every Director has full and timely access to all Group information, records, documents and property to enable them in discharging their duties and responsibilities effectively.
- 3.5.2 All Directors have full access to the advice and services of the Company Secretary, senior management staff, the external auditors and other independent professionals at all times in the discharge of their duties and responsibilities.

- 3.5.3 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- 3.5.4 Prior to each Board meeting, a full agenda together with relevant reports and comprehensive Board papers would be distributed to all Directors on a timely basis.
- 3.5.5 Amongst others, the Board papers include the following:
- a) Quarterly financial report and report on the Company's cash and borrowing positions;
 - b) Minutes of meetings of all Committees of the Board;
 - c) A current review of the operations of the Company;
 - d) Reports on Related Party Transactions and Recurrent Related Party Transactions;
 - e) Directors' share-dealings, including public shareholdings spread; and
 - f) Annual Management Plans.
- 3.5.6 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

4.0 CHAIRMAN AND EXECUTIVE DIRECTOR

The Company aims to ensure a balance of power and authority between the Chairman and the Executive Director with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman (Non-Executive Chairman) and Executive Director are separated and clearly defined.

4.1 Chairman

- 4.1.1 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:
- a) leading the Board in setting the values and standards of the Company;
 - b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
 - c) ensuring the provision of accurate, timely and clear information to Directors;

- d) ensuring effective communication with shareholders and relevant stakeholders;
 - e) arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
 - f) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and
 - g) ensuring quality information to facilitate decision-making is delivered to Board members on a timely basis.
- 4.1.2 The Chairman, in consultation with the Executive Director and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 4.1.3 The Chairman is responsible for managing the business of the Board to ensure that:
- all Directors are properly briefed on issues arising at Board meetings.
 - sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
 - the issues discussed are forward looking and concentrates on strategy.
- 4.1.4 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.
- 4.1.5 The Chairman ensures that Executive Director look beyond their executive functions and accept their full share of responsibilities on governance.
- 4.1.6 The Chairman will have no casting vote if two (2) Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue.

4.2 Executive Director

- 4.2.1 The Executive Director is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- 4.2.2 The Executive Director has the executive responsibility for the day-to-day operation of the Company's business.
- 4.2.3 The Executive Director implements the policies, strategies and decisions adopted by the Board.
- 4.2.4 All Board authorities conferred on the Management is delegated through the Executive Director and this will be considered as the Executive Director's authority and accountability as far as the Board is concerned.

5. BOARD COMMITTEES

The Board appoints the following Board Committees with specific terms of reference:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required. Details of the membership and a summary of the terms of reference of each Committee appointed by the Board are published in the Annual Report.

5.1 Audit Committee

5.1.1 The Audit Committee shall be appointed by the Board of Directors and shall be comprised of a minimum of three (3) Directors subject to a maximum of five (5) Directors or such number as may be determined by the Board of Directors from time to time.

5.1.2 No alternate Director can be appointed as a member of the Audit Committee.

5.1.3 All the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors.

5.1.4 The member of the Audit Committee shall elect a Chairman from among themselves who shall be an Independent Director; and

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

- a. must be a member of the Malaysian Institute of Accountants (“MIA”); or
- b. if he is not a member of the MIA, he must have at least three (3) years’ working experience; or
- c. passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- d. must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- e. must hold a degree/master/doctorate in accounting or finance and have at least 3 years’ post qualification experience in accounting or finance; or
- f. must have at least 7 years’ experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or

- g. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).
- 5.1.6 It is the policy of the Company to establish an Audit Committee to provide assistance to the Board in relation to fulfillment of the Board’s statutory as well as fiduciary responsibilities and ensure that the internal and external audit functions of the Group of Companies are being carried out adequately and effectively.
- 5.1.7 The Audit Committee shall review, report and make recommendations to the Board on the following matters:-
- a. The appointment of the external auditors, the audit fee and any questions of re-appointment, resignation or dismissal.
- b. To discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure that the audit is comprehensive.
- c. To review with the external auditors:-
- the audit plan and the audit reports;
 - his evaluation of the system of the internal controls;
 - his audit report; his management letter and management’s response;
 - the assistance given by the Company’s employees to the external auditors;
 - to discuss problems and reservations arising from the interim and final audit,
 - and any matter the auditors may wish to discuss (in the absence of management where necessary).
- d. To review :-
- the Balance Sheet and Income Statement of the Company and the consolidated Balance Sheet and Income Statements of the Group and thereafter to submit them to the Directors of the Company.
 - the quarterly and year-end financial statements of the Company and Group prior to the approval of the Board of Directors, focusing particularly on:-
 - a) changes in or implementation of major accounting policies and practices;
 - b) significant adjustments arising from the audit;
 - c) the going concern assumption;
 - d) compliance with accounting standards and other legal requirements.

- any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
 - any letter of resignation from the external Auditors of the Company.
- e. In relation to the internal audit function where its exists:-
- review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its works;
 - review the internal audit programme, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of member of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function;
 - inform itself of changes in personnel of the internal audit staff members and make available the opportunity for resigning staff members to submit his reasons for resigning.
- f. To propose best practices on disclosure in financial results and annual reports of the Company in line with the principles and spirit set out in Malaysian Code on Corporate Governance, other applicable laws, rules, directives and guidelines.

5.1.8 The Audit Committee is authorised by the Board to:-

- a) investigate any matter or activity within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company and Group;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) obtain independent professional or other advice when needed and to secure the attendance of third parties with relevant experience and expertise if it considers this necessary; and
- f) convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary

5.1.9 Procedure

- a. The Committee may meet together for the despatch of business, adjourn and subject to Article 120 to 122 otherwise regulate their meetings as they think fit, provided that the Committee shall meet at least four (4) times in a calendar year.
- b. Any member of the Committee may at any time and the Secretary shall on such request summon a meeting of the Committee.
- c. At least seven (7) days notice of a meeting of the Committee shall be given to all Committee members in writing at his last known address or other address given by him for the purpose. The Committee members may meet on shorter notice and waive notice of any meetings as they deem necessary subject to the consent and agreement of all Committee members. The quorum necessary for the transaction of business shall be two (2) comprised of a majority of Independent Directors.
- d. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman shall have a second or casting vote.
- e. The external auditors may request a meeting if they consider that one is necessary and the Chairman upon such request will convene a meeting for the purpose. The external auditors shall have the right to appear and be heard at any meetings of the Committee. The Committee shall meet with the external auditors at least twice a year and if deemed necessary without the presence of any executive Board member.
- f. The Chief Financial Officer/ Head of Finance, the Head of Internal Audit (where such function exists) shall normally attend meetings or be excluded at the discretion of the Chairman. The Chairman shall, where he deems appropriate, invite any other Board members, employees, third party professionals and/or any person(s) with the relevant experience and expertise to attend any meetings of the Committee.
- g. The Committee shall cause minutes to be duly entered into books provided for the purposes:-
 - of the names of all committee members and other participants at each meeting of the Committee;
 - of all resolutions and proceedings of committee meetings;
 - of all orders, recommendations and reports made by the Committee.

Such minutes shall be signed by the Chairman of the Committee at which the proceedings were held or by the Chairman of the next succeeding meeting, and if so signed, shall be conclusive evidence without any further proof of the facts therein stated.

- h. The books containing the Minutes of proceedings of the Committee shall be kept by the Company at the Registered Office of the Company subject to the provisions of the Companies Act, 1965, relating to keeping of Minutes of the Board of Directors and any Committee of the Board of Directors.

5.1.10 Internal Audit Function

The Audit Committee, on behalf of the Board, assumes the responsibility to review and monitor the effectiveness as well as the adequacy of the Group's internal control system. The Audit Committee will approve the Internal Audit Plan. The scope of the Internal Audit function will ultimately cover all the significant companies and business units in the Group. Internal audit reports, which outline the audit issues, control weaknesses, recommendations and management's action plan to improve the system of internal control, are issued to Audit Committee for consideration. The Audit Committee then reports to the Board significant issues that require Board's attention.

5.2 Nomination Committee

5.2.1 The Nomination Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from the Independent Directors.

5.2.2 The Nomination Committee will elect an Independent Director from amongst them as its Chairman.

5.2.3 The Nomination Committee's primary responsibilities include:-

- a) leading the process for Board appointments and making recommendations to the Board.
- b) assessing Directors on an on-going basis.
- c) annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarization with the Company's operations.

5.2.4 Duties

The Nomination Committee will:

- a) Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- b) Evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of Director.
- c) Review the time required from a Non-Executive Director. The performance evaluation should be used to assess whether the Non-Executive Director is spending enough time to fulfil their duties.
- d) Consider candidates from a wide range of backgrounds and look beyond the "usual suspects".
- e) Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future.

- f) Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
- g) Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- h) Make a statement in the annual report about its activities; the process used for appointments and explain if external advice or open advertising has not been used; the membership of the Committee, number of Committee meetings and attendance of members over the course of the year.
- i) Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.

5.2.5 The Committee will make the following recommendations to the Board:

- a) As regards plans for succession for Directors and Senior Management to maintain an appropriate balance of skills on the Board;
- b) As regards the re-appointment of any Non-Executive Director at the conclusion of their specified term of office;
- c) Concerning the re-election by shareholders of any Director under the retirement by rotation provisions in the Company's articles of association;
- d) Concerning any matters relating to the continuation in office of any Director at any time; and
- e) Concerning the appointment of any Director to executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of the Board.

5.2.6 In the event that the Board appoints a new Chairman, the Nomination Committee will be guided by the following principles prior to making recommendations to the Board:-

- a) That the Senior Independent Director leads the appointment process.
- b) That a systematic evaluation be undertaken to identify the skills and expertise required for the role.
- c) That all short listed candidates be considered with the possibility of obtaining external advice, if necessary.

5.2.7 The Nomination Committee shall meet at least once a year to carry out the activities as enshrined in its terms of reference, or more frequently when the need arises.

5.3 Remuneration Committee

- 5.3.1 The Remuneration Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from amongst the Independent Non-Executive Directors.
- 5.3.2 The Remuneration Committee will elect an Independent Non-Executive Director from amongst them as its Chairman.
- 5.3.3 The Remuneration Committee's primary responsibilities includes establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Directors and the Company Secretary.
- 5.3.4 The Remuneration Committee is also responsible for recommending the remuneration for the Senior Management and that the remuneration should reflect the responsibility and commitment that goes with it.

6. REMUNERATION LEVELS OF DIRECTORS

- 6.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- 6.2 The level of remuneration for the Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- 6.3 The determination of the remuneration package of Non-Executive Directors, including Non-Executive Chairman should be a matter for the board as a whole. The individuals concerned should abstain from discussing their own remuneration.
- 6.4 Non-Executive Directors are entitled to participate in the Company's Employee Share Options Scheme (ESOS) subject to approval at a General Meeting. Non-Executive Directors who participated in the ESOS are prohibited to sell, transfer or assign the shares within one (1) year from the date of offer of such options.
- 6.5 No Director other than the Executive Directors shall have a service contract with the Company.
- 6.6 A formal independent review of the Directors' remuneration is undertaken no less frequently than once every three (3) years.
- 6.7 There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.
- 6.8 The Remuneration Committee shall meet at least once a year to discharge its responsibilities as spelt out in its terms of reference.

7. FINANCIAL REPORTING

7.1 Transparency

- 7.1.1 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 7.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.
- 7.1.3 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.
- 7.1.4 The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

7.2 Company Auditors

- 7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.
- 7.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.
- 7.2.3 Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

7.3 Internal Controls and Risk Management

- 7.3.1 The Company will have either an internal audit function or to outsource the internal audit function to a reputable company providing audit and risk management services. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.
- 7.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.
- 7.3.3 The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.

8. GENERAL MEETINGS

8.1 Annual General Meeting (AGM)

- 8.1.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- 8.1.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
- 8.1.3 The Chairman encourages active participation by the shareholders during the AGM.
- 8.1.4 The Chairman and, where appropriate, the Executive Director responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

8.2 Extraordinary General Meeting (EGM)

- 8.2.1 The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

9. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 9.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 9.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- 9.3 The Company conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- 9.4 A press conference will normally be held after each General Meeting. At this press conference, the Chairman or Executive Director will give a press release stating the Company's results, their prospects and outline any specific event for notation. All press releases will be vetted by the Corporate Disclosure Manager to ensure that information that has yet to be released to Bursa Securities is not released to the press.
- 9.5 The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

10. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regards, the needs and interests of other stakeholders are also taken into consideration.

10.1 Employees

10.1.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.

10.1.2 The Company adopts comprehensive and documented policies and procedures with respect to the following:-

- a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
- b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace.

10.2 Environment

10.2.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.

10.2.2 The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

10.2.3 The Company supports initiatives on environmental issues.

10.3 Social Responsibility

10.3.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.

10.3.2 The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.

10.3.3 The Company supports charitable causes and initiatives on community development projects.

11. COMPANY SECRETARY

11.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

11.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

- 11.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 11.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:-
- a) disclosure of interest in securities
 - b) disclosure of any conflict of interest in a transaction involving the Company
 - c) prohibition on dealing in securities
 - d) restrictions on disclosure of price-sensitive information.
- 11.5 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- 11.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.

12. APPLICATION

- 12.1 The principles set out in this Charter are:-
- a) kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities
 - b) applied in practice having regard to their spirit and general principles rather than to the letter alone
 - c) summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.
- 12.2 The Board endeavours to comply at all times with the principles and practices set out in this Charter.
- 12.3 Any updates to the principles and practices set out in this Charter will be made available on the Company's website.