

## **BOARD CHARTER**

### **1. INTRODUCTION**

The Board of Directors (“Board”) of Minho (M) Berhad (“Company”) 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 and its subsidiaries (“Group”). 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 (“Charter”) shall continue and form an integral part of each Director's duties and responsibilities.

This Charter is not a total document and should be read as an expression of principle for optimising corporate performance and accountability. The Board will review and update (if necessary) the Charter on an annual basis.

### **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.

This Board Charter also serves as a source reference and primary induction literatures to facilitate better understanding to prospective Board members and senior management.

### **3. THE BOARD**

#### **3.1 Duties and Responsibilities**

The Board assumes, amongst others, the following duties and responsibilities: -

- a) Reviewing and adopting the overall strategic plans for the Group;
- b) Setting policies appropriate for the businesses and governance of the Group;
- c) Overseeing and evaluating the performance of the Group's businesses and uphold their sustainability;
- d) Reviewing and approving annual budget and setting budgetary control and monitoring management performance and business results;
- e) Identifying principal risks and ensuring the implementation of a proper risk management system to manage these risks;
- f) Establishing proper succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board and key management;
- g) Developing and implementing a shareholders communication policy for the Group;
- h) Reviewing the adequacy and integrity of the Group's management information systems and internal control systems.
- i) Maintaining the practices of high standard of ethics and corporate behaviour of the Group.

## **3.2 Board Structure**

### **3.2.1 Size and Skill Composition**

The Board shall ensure that, collectively, it has the right size and diverse range of expertise to perform its duties and fulfil its responsibilities properly, including finance and accounting, corporate management, experience and knowledge in the Company's business industries, legal skills etc.

The number of Directors at any one time shall be in accordance with the Article 87 of the Company's Articles of Association.

The Board shall review the composition and size of the Board from time to time to ensure its appropriateness.

### **3.2.2 Independent Directors**

In accordance with Paragraph 15.02 of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements, the number of Independent Directors shall make up at least two or one-third (whichever is higher) of the membership of the Board.

An Independent Director is one who is independent of management and free from any business or other relationship, which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The presence of Independent Directors provides objectivity and independent judgement to the decision-making process of the Board.

In line with the Malaysian Code on Corporate Governance 2012, the tenure of an Independent Director shall not exceed a cumulative of 9 years, unless it is recommended by the Nomination Committee and is satisfied that he or she is able to continue to bring independent and objective judgement to the board deliberations and his or her position in the Board has not been compromised by his or her familiarity and long relationship with other board members, and such continuation shall be subject to shareholders' approval at the Company's Annual General Meetings.

The Board shall appoint a Senior Independent Director to whom shareholders' concern can be conveyed.

## **3.3 Appointment and Re-election**

### **3.3.1 Appointment**

The appointment of a new Director is a matter for consideration and decision by all members of the Board upon appropriate recommendation from the Nomination Committee.

### **3.3.2 Re-election and Re-appointment**

Article 96 of the Company's Articles of Association provides that every newly appointed Director be subjected to re-election at the following Annual General Meeting ("AGM"). In addition, Article 89 of the Company's Articles of Association provides that one third (1/3) of the Board (including Group Managing Director pursuant to Article 131 of the Company's Articles of Association) shall on rotation basis retire from office and be eligible for

re-election at every AGM, and all the Directors shall be subjected to re-election at least once every three (3) years.

Pursuant to Section 129(6) of the Companies Act, 1965, Directors who are over seventy (70) years of age are subject to automatic retirement and eligible for re-election at every AGM.

#### 3.3.3 Number of Directorships

All Directors shall notify the Board before accepting any new Directorship of other listed companies.

All newly appointed Directors shall notify the Board his or her existing Directorship in other listed companies.

Each Director shall not hold more than five (5) Directorships in listed companies at any one time.

#### 3.3.4 Independence of Directors

The Board shall assess and determine the status of independence of each Director annually taking into consideration of their disclosed interest in the Company or any of its subsidiaries.

### 3.4 Types of Directors

#### 3.4.1 Independent Director

An "independent" Director is one who does not have a relationship with the Company, its related Companies or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment.

#### 3.4.2 Executive Director

A Director who is employed full-time to run the Company's business and is involved in its management activities is typically known as Executive Directors. They are therefore not independent to the Board. Examples of different categories of Executive Directors are:-

- a) Group Managing Director ("GMD");
- b) Executive Director.

#### 3.4.3 Non-Executive Director

The Board shall assess and determine the status of independence of each Director annually taking into consideration of their disclosed interest in the Company or any of its subsidiaries.

Although the Non-Executive Director is present at Board meetings of the Company, he is not involved in the day-to-day running of business nor the managing of the business generally. He would, therefore, normally not be in the office. Nevertheless, Non-Executive Directors, together with the Executive Directors, play a part in:

- a) constructively challenging and helping develop on the Company's strategy; and
- b) reviewing and monitoring the performance of management.

### **3.5 Independent Chairman and Group Managing Director**

#### **3.5.1 Balance of Power and Authority**

The roles of Independent Chairman and GMD are separated and clearly defined to ensure there is a balance of power and authority. The Independent Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the GMD has overall responsibility for the day-to-day management of the businesses and implementation of the Board's policies and decisions.

#### **3.5.2 Independent Chairman**

The Independent Chairman is responsible for the following:

- a) To provide leadership and run the Board effectively in all aspects of its roles with the assistance of the Board Committees and management;
- b) To chair and to ensure the efficient organisation and conduct of the Board's and/or Shareholders' functions and meetings;
- c) To facilitate the effective contributions of all the Directors and senior management personnel; and
- d) To promote high standards of integrity, probity and corporate governance in the Group.

#### **3.5.3 Group Managing Director**

The GMD leads the management team and is accountable to the Board for the performance of the Group and his management team. The key roles of the GMD is as follows:

- a) To develop and implement corporate strategies for the Group;
- b) To bring material and other relevant matters to the attention of the Board in a reliable and timely manner;
- c) To manage the Group's businesses and ensure that operational processes and internal control systems are in place effectively;
- d) To lead management and employees and express his clear leadership;
- e) To identify business, acquisition/investment opportunities and subsequently execute approved proposals;
- f) To develop an organisational structure with the necessary succession planning;
- g) To implement Corporate Social Responsibilities initiatives of the Group;
- h) To ensure that the Group's financial reports present a true and fair view of the Group's financial position and performance and are in accordance with the applicable accounting standards.

### **3.6 Board Committees**

The Board shall establish the following Board Committees ("Committees") to assist the Board in carrying out its duties:

- a) Audit Committee;
- b) Nomination Committee;
- c) Remuneration Committee; and
- d) Other ad hoc Committees where appropriate.

The Committees shall operate under clearly defined and Board approved terms of reference, and the Committees are therefore authorized by the Board to deal with specific areas delegated to them within their respective terms of reference.

#### **4. BOARD MEETINGS**

The Board shall convene at least four (4) scheduled meetings in every calendar year, with additional meetings to be held as and when necessary.

All Directors are encouraged to attend and participate in every Board Meeting held. Agenda of the meetings are to be clearly set out and distributed together with other Board papers at least seven (7) days prior to the meetings. These allow each Director to have sufficient time to seek further information and clarification from the fellow Directors, senior management or external consultants where necessary.

The Board may invite other senior personnel or external consultants to brief or advise the Board in the meetings.

#### **5. FINANCIAL AND OTHER REPORTINGS**

In presenting the financial statements, including audited financial statements, quarterly announcement, prospectuses and public announcements that are share price sensitive, the Board shall endeavour to provide a balanced and understandable assessment of the matters reported.

The Board shall ensure that the financial statements are prepared in accordance with the Companies Act, 1965 in Malaysia and applicable financial reporting standards so as to give a true and fair view of the Company's and Group's financial position, financial performance and cash flow position.

#### **6. DIRECTORS' REMUNERATION**

Individual Directors' remuneration is assessed and determined by the Remuneration Committee established by the Board. The Board, as a whole, shall assess and determine the remuneration of the Independent Directors.

Remuneration of the Executive Directors shall be assessed against individual director's scope of duties and responsibilities and the financial performance of the Group for the financial year.

Remuneration of the Independent Directors shall be commensurate with the quality of their contributions and level of responsibilities undertaken by them on individual basis.

#### **7. DIRECTORS' TRAINING**

In addition to the Mandatory Accreditation Programme mandated by the Bursa Malaysia Securities Berhad, all Directors shall continue to update their knowledge and enhance their skills through appropriate continuous development programme. This is to enable the Directors to discharge their duties more effectively.

The Board shall assess the training needs of its Directors from time to time.

## **8. SUPPLY OF INFORMATION**

The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

The management is responsible for providing the Board with the required information in an appropriate and timely manner. The GMD, 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.

A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting.

Amongst others, the Board papers include the following:

- a) Quarterly financial report of the Company;
- 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;
- e) Directors' and Substantial Shareholders' share-dealings; and
- f) Annual Management Plans/Budget reports.

Minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

## **9. COMPANY SECRETARY**

### **9.1 Roles and Responsibilities**

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 had been appointed.

The Company Secretary is a central course of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The Company Secretary should advise Directors of their obligations to adhere to, among others, matters relating to:

- a) Corporate governance matters;
- b) Compliance with listing requirements and related regulations;
- c) Maintenance of statutory records;
- d) Assist the Chairman in the preparation of and conduct of Board, Committee and General Meetings.

### **9.2 Service to the Board and Committees**

The Board members have unlimited access to the professional advice and services of the Company Secretary.

## **10. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Board and its members shall have full and unrestricted access to any information of the Group's from any employees of the Group.

Where necessary, the Board and its members may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

## **11. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION**

The Board shall place great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analysts and the public. The shareholders shall be informed of all material matters affecting the Company and Group.

The ways of communication to shareholders and investors, amongst others, are as follows:-

- a) Timely announcements and disclosures made to the Bursa Malaysia Securities Berhad, which includes quarterly financial results, material contract awarded, changes in the composition of the Group and any other material information that may affect investors' decision making;
- b) Issuance of Company's annual reports;
- c) Holding Annual General Meeting and Extraordinary General Meeting with shareholders;
- d) Holding or attending to press conference or interview;
- e) Participating in institutional investors' forums; and
- f) Publishing corporate information on the Company's official websites.

The Board shall ensure that an Investor Relation and Communication Policy is in place to effectively govern the manners the Company deals with its shareholders.