



TECK GUAN PERDANA BERHAD

(Company No. 307097-A)
Incorporated in Malaysia

BOARD CHARTER

Revised 22nd January 2018

BOARD CHARTER

The Board of Directors (“Board”) of Teck Guan Perdana Berhad (“the Company”) is committed to maintaining a high standard of corporate governance at all times to safeguard the interests of shareholders and enhance shareholders’ value.

This Board Charter provides guiding principles for the Board to achieve the objectives of the Company and aims to set out the Board’s strategic intent, its roles and authority and serves as a reference point for the Board’s activities.

1. BOARD STRUCTURE & COMPOSITION

The Board should be of a size and composition to facilitate effective and objective board decision making in the interest of the Company taking into account diverse perspectives and insights.

1.1 Board Size

The number of Directors shall not be less than two (2) and unless otherwise determined by general meeting, shall not be more than fifteen (15);

1.2 Independent Directors

- a. The Board must ensure that at least 2 directors or at least half of the Board members, whichever is higher, are Independent Directors.
- b. In event there is a vacancy in the Board resulting in the non-compliance with the independent directorship’s requirement, the Board must fill the vacancy within 3 months.

1.3 Separation of Position of Chairman and Managing Director

The positions of Chairman and Managing Director shall be held by different individuals, and the Chairman shall be an independent non-executive member of the Board. The distinct and separate roles of the Chairman and the Managing Director promote accountability and facilitate division of responsibilities between them. The Managing Director focuses on the day-to-day operations and management of the Group while the Independent Non-Executive Chairman leads the Board in the collective oversight of management.

1.4 Boardroom Diversity

The Board embraces the need to promote Board diversity and gender mix, as it can widen the Board's perspectives and indicates good governance practices. However, the Board shall give due recognition that candidature to the Board should be based on the candidate's merit, qualification and experience. Nevertheless the Board is committed to have at least one (1) female participation on the Board.

2. BOARD OF DIRECTORS

2.1 Authority

a. Powers of the Board

The Board has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company subject to any exception or limitation contained in the Companies Act, 2016 ("the Act") or in the constitution (Memorandum and Articles of Association) of the Company.

b. Access to Information and Professional Advice

Subject to any applicable laws or the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), every Directors, whether as a full board or in their individual capacity, has the right to the resources, whenever necessary, appropriate and reasonable for the performance of his duties, at the cost to the Company, and in accordance with the procedure set by the Board, including but not limited to:

- i. obtaining full and unrestricted access to any information pertaining to the Company;
- ii. obtaining full and unrestricted access to the advice and services of the Company Secretary; and
- iii. obtaining independent professional or other advice.

2.2 Duties and Responsibilities of a Director

Every director is required to keep abreast of his responsibilities as a director and of the conduct, business activities and development of the company. A Director shall act for a proper purpose and in good faith, honestly and use reasonable care, skill and diligence in the discharge his duties and responsibilities of his office at all times as fiduciaries in the interests of the Company. He shall not make use of any information acquired by virtue of his position to gain directly or indirectly an improper advantage for himself or for any other person or to cause detriment to the Company.

2.3 Role and Responsibilities of the Board

The role of the Board is to provide leadership to the Company and manage its business and affairs in an effective and responsible manner with the purpose to promote and protect the interest of the Company and adding long term value for its shareholders and stakeholders.

Therefore, the Board shall chart the direction and set the strategic aims to ensure the necessary resources are in place to meet its objectives/goals and review the management performance. The Board should set the Company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

The Board in meeting its goals and objectives of the Company should amongst others undertake the following responsibilities:

- a. Promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour;
- b. Review, challenge and decide on management's proposals for the Company, and monitor its implementation by management;
- c. Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- d. Supervise and assess management performance to determine whether the business is being properly managed;
- e. Ensure there is a sound framework for internal controls and risk management;
- f. Understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- g. 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;
- h. 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;
- i. Ensure that the company has in place procedures to enable effective communication with stakeholders; and
- j. Ensure the integrity of the company's financial and non-financial reporting.

In carrying out its responsibilities and functions, the Board may choose to delegate any of its power to one or more of its Board Committees. This delegation of authority will be reflected in the terms of reference of the respective Board Committees. Nevertheless, this does not relinquish the ultimate responsibility of the Directors under the relevant laws.

The matters reserved for the Board's deliberation and decision and not to be delegated are listed in the attached Appendix.

2.4 Appointment as Board Member

- a. No person shall be appointed as a director if he falls under the restrictions stipulated in paragraph 15.05 (1) MMLR or is disqualified from holding such office as set out in section 198 of the Companies Act 2016.
- b. The appointment of directors should be recommended by the Nomination & Remuneration Committee and approved by the Board. The Nomination & Remuneration Committee in considering such recommendation shall first evaluate the balance and composition including mix of skills, independence, experience and diversity (including gender diversity) of the Board. In making recommendation of suitable candidates, the NRC shall consider the following:
 - i. skills, knowledge, expertise and experience;
 - ii. time commitment and contribution;
 - iii. honesty, integrity, professional conduct and business ethics/practices;
 - iv. number of directorship in other companies and other external obligations which may affect his/her commitment; and
 - v. for position of independent non-executive directors, the candidate shall be evaluated at minimum, with reference to the definition of “Independent Director” as stipulated by the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.

2.5 Tenure

- a. Newly appointed Directors shall hold office only until the next Annual General Meeting (“AGM”) at which they will retire and be available for re-election.
- b. All Directors including the Managing Director, are subject to retirement by rotation whereby one-third ($\frac{1}{3}$) or nearest to one-third of the Directors for the time being (excluding the newly appointed director) shall retire from office and be eligible for re-election, provided always that all Directors shall retire at least once in each three (3) years but shall be eligible for re-election.
- c. The tenure of an Independent Director shall not exceed a cumulative terms of nine (9) years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director’s re-designation as a Non-Independent Director. If the Board intends to retain the Independent Director in his current capacity beyond nine years, the Board shall, upon the recommendation from the Nomination & Remuneration Committee, justify and obtain annual shareholders’ approval.
- d. The office of a Director shall be vacant if the Director resigned, becomes of unsound mind, becomes bankrupt, is absent for more than 50% of the total Board meetings held during a financial year or is removed, disqualified or prohibited from being a Director in accordance with the provisions of the Act or the Company’s constitution.

2.6 Directorships

Any Board member, while holding office, is at liberty to accept directorship in other companies outside of the Group, so long as the appointment is not in conflict with the business of the Company and Group or does not detrimentally affect the Director's performance as a Board member. A Director must notify the Board in a timely fashion before accepting an invitation to serve on the board of another company taking into consideration any actual or apparent conflicts of interest and impairments to independence as well as time and energy spent on the new appointment.

However, a Director shall not hold more than five (5) directorships in public listed companies at any one time.

2.7 Interest of Directors

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflict of interests with the Group's interest. Should there be actual, potential or perceived conflict of interest between a Company and a director, or a person connected with director such as a spouse, other family member, or a related company, the interested director shall make full disclosure in bona fide and act honestly in the best interest of the Group and shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising there from.

2.8 Training and Development

New board member shall participate in the board induction session and for the first time as director of a listed issuer, he is required to attend the Mandatory Accreditation Programme (MAP) prescribed by Bursa Malaysia within 4 months from the date of appointment.

All Directors are encouraged to keep abreast of changes in regulatory, laws and accounting standards and development in corporate governance, broad business trends, strategy, financial instruments and technology advancement through reading of relevant industry and business publications and/or attending training programme and relevant conferences. Directors who are well informed and equipped with the requisite knowledge and competencies would contribute to a more effective Board.

2.9 Performance Appraisal

The Board shall reviews and evaluates the effectiveness of the Board and its Committees, and the performance of each Director on an annual basis. The Nomination & Remuneration Committee is given the task to carry out the annual evaluation activities. The effectiveness of the Board and its Committees is assessed in terms of composition, governance, skills and competencies, duties and responsibilities through self-assessment methodologies. The evaluation process for individual Directors involves self and peer review, where the Directors shall assess their own performance and that of their fellow Directors.

3. POSITION DESCRIPTIONS

3.1 Role of the Board Chairman

The Board is empowered by the Company to appoint a Chairman. The Board Chairman presides over meetings of Directors and shareholders and plays a crucial leadership role in ensuring that these meetings are conducted effectively and efficiently. He leads the Board in setting values and good corporate governance practices, and represents the Company/Board to the shareholders and stakeholders. The Board Chairman provides leadership to the Board to ensure a smooth functioning so that the Board can perform its responsibilities effectively and also acts as a conduit between the management and the Board. He oversees the conduct of the Board to facilitate and encourage an open and active participation from all members of the Board.

3.2 Role of the Managing Director

The Managing Director report to the Board and he serve as a conduit between the Board and the management. The Board will link the Company's governance and management functions through the Managing Director. All Board authority conferred on the management is delegated through the Managing Director so that the accountability of management is considered the authority and accountability of the Managing Director so far as the Board is concerned.

Therefore he has the overall responsibility on the management of the businesses, operational policies and day to day operations of the Group, ensuring that it is run efficiently and effectively and in accordance with the strategic decisions of the Board following consideration of his suggestions, ideas and vision. He leads the Executive Director in making and implementing the day-to-day decisions on business operations, managing resources and risks in pursuing the corporate objectives of the Group. He continuously improves, develops and drives changes for the growth and profitability of the Group. He ensures an effective management team and skills are put in place for its development and succession, as the management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations.

3.3 Role of the Executive Director

The Executive Director is led by the Managing Director and play a role in the leadership and management within their specific areas of expertise or assigned responsibilities.

3.4 Role of the Independent Directors

The Independent Directors are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company. The Independent Non-Executive Directors are actively involved in various Board committees. They provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

4. BOARD COMMITTEES

The Board is authorised to establish Board Committees to assist the Board in the discharge of its fiduciary duties. Subject to any applicable law, the Board may also merge or dissolve any Board Committee at any time.

The Board Committees are entrusted with specific tasks and their role and responsibilities is set out in their respective written Terms of Reference approved by the Board. These Terms of Reference are subject to a review and revision, amendment or modification by the Board from time to time. These Committees are designed to deliberate and consider on certain particular issues and report their findings and recommendations to the Board. However, the ultimate responsibility for all decisions lies with the entire Board.

The present Board Committees are as follows:

- a. Audit & Risk Management Committee; and
- b. Nomination & Remuneration Committee.

5. COMPANY SECRETARY

The appointment and removal of the Company Secretary(ies) shall be the prerogative of the Board as a whole. The office of the secretary of the Company shall not be left vacant for more than 30 days at any one time. The Company Secretary shall be a qualified individual who is a member of the prescribed body as stipulated in the Act or licensed by the Registrar of Companies. The Board recognises the fact that the Company Secretary should be suitably qualified, competent and capable of carrying out the duties required of that post. The Company Secretary supports the Board in carrying out its roles and responsibilities by ensuring adherence to Board policies and procedures and regulatory compliance.

6. BOARD MEETINGS

The Board shall meet at least four (4) times in a year, on a quarterly basis with additional meetings convened as and when urgent and important decisions needs to be taken between the scheduled meetings with sufficient notice. Upon invitation, management's representatives would be present at the Board meetings to provide additional insight into matters to be discussed during the Board meetings.

The agenda for each Board meeting is circulated to all Directors for their perusal prior to convening of each meeting to enable the Directors to obtain further clarifications prior to the meeting to ensure smooth proceeding of each meeting. The proceedings, deliberations and resolutions reached at each Board meeting are minuted and signed by the Chairman of the meeting. Besides Board meetings, the Board exercises control on matters that require Board's deliberation and approval through circulation of Directors' Resolutions, which are supported with sufficient information required to make an informed decision.

7. RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

The Board will maintain an effective communication policy that enables the Board to provide informative, timely and accurate disclosure of material information concerning the Company's state of affairs to the public. Such information shall be disseminated through various disclosures and announcement to Bursa Malaysia and this includes timely release of quarterly financial results on the Group's performance and operations. The circulation of the Company's annual reports and relevant announcements made through Bursa Malaysia and the Company's website are currently the primary means of communication between the Company, its shareholders and the general public. The Board shall ensure that the AGM is conducted in an efficient manner and serves as a crucial mechanism in active shareholders communications.

8. REVIEW

The Board shall review the Board Charter, as and when deemed necessary, so as to ensure its relevance in assisting the Board to discharge its duties in accordance with the changes in corporate laws, requirements and regulations that may arise and to remain consistent with the Board's objectives and responsibilities.

APPENDIX

SCHEDULE OF MATTERS RESERVED FOR DECISION OF THE BOARD

The list of matters reserved for the collective decision of the Board and may be varied from time to time as determined by the Board, includes:

- a. Conduct of the Board
 - i. Appointment and removal of Directors based on recommendation of the Nomination & Remuneration Committee and subject to the relevant laws and regulations;
 - ii. Appointment, resignation and removal of Company Secretaries.
 - iii. Establishment/dissolution of Board Committees; appointment/cessation of members of the Board Committees, and the Terms of Reference of the Board Committees and amendments to such terms.
 - iv. Appointment of senior executive position, including that of the Managing Director and his/her duties and the continuation (or not) of their services.
- b. Remuneration
 - i. Remunerations of the Directors based on the recommendation of the Nomination & Remuneration Committee, including approving and recommending the Directors' fees and any benefits to the shareholders for approval.
 - ii. Proposed employee share option scheme or amendment to any existing scheme, subject to the approval of the shareholders and/or any other applicable laws.
- c. Operational
 - i. The Company's strategic plan.
 - ii. The annual budget and significant capital expenditure
 - iii. Assessing Company's performance against Board approved budgets, targets and strategies.
 - iv. Reviewing and approving delegated authority limits.
 - v. Investment or divestment in a company, business, property or undertaking.
 - vi. Investment or divestment in a capital project which represent a significant diversification from the existing business activities.
 - vii. Changes in the major activities of the Company.
 - viii. Bad debts write-off.

d. Financial

- i. Interim and annual financial statements after taking into consideration of the recommendations of the Audit & Risk Management Committee.
- ii. Release of announcements on interim and annual financial statements.
- iii. Annual Directors' Report and Statutory Accounts.
- iv. Distribution of dividends subject to the provisions of the Act and the Company's constitution.
- v. Adoption of accounting policies.
- vi. Credit facilities from financial institutions and bank mandates.
- vii. Adequacy and the integrity of the management information and internal controls of the Company to ensure compliance on internal controls and regulatory compliance.
- viii. Appointment of external auditors and their related audit fees based on recommendation of the Audit & Risk Management Committee.

e. Other matters

- i. Review of corporate governance principles including any relevant statements for inclusion in the Annual Report.
- ii. Formulating and reviewing of corporate policies.
- iii. The granting of power of attorney by the Company.
- iv. The entering into any indemnities or guarantees.
- v. Recommendation for the alteration of the constitution of the Company.
- vi. Alteration of the accounting reference date, registered office and name of the Company.
- vii. Purchase of own shares/share buy-back by the Company.
- viii. Issuance of debt instruments.
- ix. Scheme of reconstruction and restructuring.
- x. Any other significant business decision.
- xi. Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders.
- xii. Any other matters requiring the Board's approval as stipulated under any relevant law, rule, regulation or directive of any relevant authorities.