



YX PRECIOUS METALS BHD
(202101001245) (1401543-M)
(Incorporated in Malaysia)

Board Charter

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Board Charter

(Adopted in the Board of Directors meeting held on 12 August 2021)

1. Introduction and purpose of Board Charter

The Board Charter (“Charter”) formalises the various roles and responsibilities of the Board, the Board Committees and individual Director of YX PRECIOUS METALS BHD (“YXPM” or “Company”) with the aim of streamlining and enhancing corporate governance practices towards transparency, accountability and integrity in boardroom activities.

The Charter incorporates the Principles and Practices of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”), the Listing Requirements, certain aspects of the Constitution of the Company and relevant portions of the Companies Act, 2016, insofar as the duties and responsibilities of Directors are concerned. Whilst the Charter serves as a structured guide, especially for new Directors who are on board, it should not be construed as an exhaustive blueprint for Directors of the Company.

2. Interpretation

In this Charter:

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

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

“Bursa Securities” means Bursa Malaysia Securities Berhad;

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

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

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

“Directors” means members of the Board;

“Group” means the Company and all its subsidiaries;

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

“Listing Requirements” means the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad;

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

“Shareholders” means the shareholders of the Company.

3. Role of the Board and its principal responsibilities

3.1 The Board takes full responsibility and retained full and effective control over the affairs of the Group. The Board's primary focus is on the overall strategic planning include business plan and annual budget, performing quarterly review of business and financial performance, reviewing risk management, exercising internal controls and enforcing legal and statutory compliance.

3.2 The principal responsibilities of the Board include the following:

- a) Reviewing and approving the strategic business plan of the Group;
- b) Monitoring corporate performance and the conduct of the Group's business and ensuring compliance with the MCCG 2021;
- c) Identifying and implementing appropriate systems to manage principal risks through the Audit and Risk Management Committee;
- d) Ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession planning for the Board and Senior Management;
- e) Ensuring a transparent Board nomination and remuneration process;
- f) Reviewing the effectiveness of the Group's system of risk management as well as the adequacy and integrity of the Group's internal control system and management information system for compliance with applicable standards and laws and regulations;
- g) Ensure that the company has in place procedures to enable effective communication with stakeholders;
- h) Developing an ethical standard for the Group through code of conduct and ensure its compliance;
- i) Setting the Company's sustainability strategies, priorities and targets
- j) Ensure that all directors are able to understand financial statements and form a view on the information presented; and
- k) Ensure the integrity of the Company's financial and non-financial reporting.

3.3 To ensure the direction and control of the Company are in the hands of the Board, a formal schedule of matters reserved for the Board's deliberation and decision is set out in **Appendix B** of this Charter.

4. Board structure

4.1 Board balance and composition

4.1.1 The Board shall be helmed by a Chairman, appointed by the Board, and comprise at least half of the Board who are Independent Directors and 30% women directors in accordance with the MCCG 2021.

4.1.2 The tenure of Independent Director shall be for a cumulative term of nine (9) years since appointment as Independent Director. The Independent Director may continue to serve on the Board beyond the nine (9) years tenure provided the Independent Director is redesignated as a Non-Independent Director. Where the Board is of the view that the Independent Director can continues beyond the 9-year tenure, it must justify and seek for shareholders' approval. If the Board intends to retain the Independent Director beyond nine (9) years, the Board should provide justification and seek annual Shareholders' approval through a two-tier voting process.

Two-tier Voting Process

- Tier 1: Only the Large Shareholder(s) of the company votes; and
- Tier 2: Shareholders other than Large Shareholders votes.

A Large Shareholder means a person who–

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

The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one (1) Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.

The Board shall also identify from amongst its members for inclusion in the Company's Annual Report a Senior Independent Non-Executive Director (if required) to whom concerns of fellow Directors, Shareholders or stakeholders may be conveyed.

- 4.1.3 To enhance its effectiveness, the Board shall ensure its members and also senior management levels have the diversity in skills, experience, expertise, age, cultural background and gender with good time commitment. Accordingly, the Nomination Committee is entrusted by the Board to appraise candidates for directorship, including those who retire and offer themselves for re-election or re-appointment, before recommending to the Board. The Board is mindful of the need for board diversity and, in this context, the Nomination Committee takes into consideration gender diversity when recommending to the Board.
- 4.1.4 The composition of the Board shall be guided by the Board Diversity Policy, set out in **Appendix C**, to ensure the Board is of appropriate mix so as to optimise the performance of the Board as a whole and align the Board's capabilities with the strategic direction of the Company.
- 4.1.5 Directors shall not sit on the boards of more than five (5) listed issuers and before accepting any new directorship, Directors shall notify the Chairman, the notification of which shall include an indication of time that will be spent on the new appointment.

4.2 Separation of Position of Chairman and Managing Director (“MD”) / Chief Executive Officer (“CEO”)

To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairman and MD (equivalent to CEO) are distinct and separate with a clear division of responsibilities between the Chairman and the MD, so that no individual dominates the decision-making process. Given the knowledge and extensive involvement of the Chairman in the business deriving from his wealth of experience and industry goodwill benefiting directly the Group; the above roles remain vested in the Chairman. Nevertheless, functionally and for all purposes and intent, the responsibilities of the MD are executed by delegated authority to designated Senior Management to ensure that division and accountability in essence are separated. Further, all decisions on matters reserved for the Board are made after due deliberation by the Board and the Board Committees, where required.

4.3 Role of Chairman

The Chairman assumes a leadership role in the Board and represents the same to shareholders of the Company. The Chairman is primarily responsible, amongst others, for the following:

- (a) Providing leadership for the Board and oversee the Board in the effective discharge of its responsibilities;
- (b) To lead the Board in the oversight of the Management and ensure its effectiveness of all aspects of its role;
- (c) Presiding at Board and Shareholder meetings and ensuring the proceedings thereof comply with good conduct and practices. The Chairman may delegate the task of chairing such meetings to any member of the Board;
- (d) Ensuring timely dissemination of notice of meeting and agenda to Directors, including relevant Board papers as well as complete and accurate information pertaining to issues scheduled for discussion and/or approval at meetings;
- (e) Acting as facilitator at Board meetings and ensuring that no member, whether executive or otherwise, dominates discussion. The Chairman shall also encourage Board members to participate in discussions and that relevant opinions amongst members are forthcoming, resulting in logical and understandable outcomes;
- (f) Overseeing that adequate time is available for thorough deliberation of key matters and that decisions are taken on a sound and well-informed basis, including the consideration of all strategic and critical issues;
- (g) Leading board meetings and discussions as well as leading the Board in the adoption and implementation of good corporate governance practices in the Company;
- (h) Managing the interface between Board and Management; and
- (i) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

The Chairman of the Board should not be a member of the Audit and Risk Management Committee, Nomination Committee or Remuneration Committee.

4.4 Role of Executive Directors (including the Group MD)

4.4.1 Executive Directors (“EDs”) serve as a conduit between Management and the Board and are responsible for the effective implementation of the Group’s strategic plan and policies established by the Board, besides managing the daily operations of the Group.

4.4.2 Generally, the EDs are responsible to the Board for the following key functions:

- (a) Achievement of Group’s goals and observance of Management authorities delegated by the Board; and
- (b) Developing long-term strategic and short-term business plans, designed to enable the Group’s requirements for growth, profitability and return on capital to be achieved.

4.5 Role of Non-Executive Directors (“NEDs”)

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

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

4.6 Role of Independent Directors (“IDs”)

The independent directors are independent from Management and have no relationships that could interfere with the exercise of their independent judgement. They play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The responsibilities include the following:-

- (a) To ensure there is a proper check and balance on the Board by providing unbiased and independent views in Board deliberations and decision making of the Board, taking into consideration the interest of all shareholders, not only the interests of a particular function or group, but also the interest of minority shareholders, stakeholders and the general public;
- (b) To improve corporate credibility and governance standards, functioning as a watchdog, and make contributions to the Company’s decision making by bringing in the quality of detached impartiality;
- (c) To make independent assessment of information, reports or statement when the interests of Management, Company and/or shareholders diverge, such as executive performance and remuneration, related party transactions and audit matters;
- (d) To enhance the independence and objectivity of the Board’s deliberation from the executive arms;
- (e) To mitigate any possible conflict of interests between the policy-making and the day-to-day management;
- (f) To constructively challenge and contribute to the development of strategies of the Group; and
- (g) To ensure that the Board uses adequate systems and controls to safeguard the interest of the Company.

4.7 Role of the Senior Independent Directors

The Board may appoint a Senior Independent Non-Executive Director who serves as the designated point of contact between Shareholders and Independent Directors/Chairman, to whom concerns or queries may be raised, as an alternative to the formal channel of communication with Shareholders, especially on sensitive issues. The Senior Independent Non-Executive Director also assists with concerns regarding the Company where it would be inappropriate for those to be dealt with by the Executive Directors.

4.8 Company Secretary

- 4.8.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole, subject to the provisions in the Constitution of the Company. The Company Secretary shall be suitably qualified and capable of carrying out the duties required of the post.
- 4.8.2 The primary responsibilities of the Company Secretary shall include the following:
- (a) Ensuring that Board procedures and applicable rules are observed;
 - (b) Maintaining records of the Board and Board Committees and its respective meetings and ensuring effective management of the Company's records;
 - (c) Preparing comprehensive minutes to document the Board and Board Committees proceedings and ensure conclusions are accurately recorded;
 - (d) Timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements;
 - (e) Facilitate the orientation of new directors and assist in Director training and development;
 - (f) Manage processes pertaining to the annual Shareholder meeting;
 - (g) Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
 - (h) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues; and
 - (i) Advise the Board on its roles and responsibilities.

4.9 Board Committees

- 4.9.1 The Board shall establish Board Committees from time to time to assist the Board in the discharge of its duties and responsibilities. Each Board Committee has its own terms of reference in writing, specified by the Board, detailing its roles and responsibilities, structure and composition.
- 4.9.2 A number of standing Board Committees, with written terms of reference have been established, namely the following:

(a) **Audit and Risk Management Committee**

The terms of reference of the Audit and Risk Management Committee are attached as **Appendix D** of this Charter; and

(b) **Nomination Committee**

The terms of reference of the Nomination Committee are attached as **Appendix E** of this Charter; and

(c) **Remuneration Committee**

The terms of reference of the Remuneration Committee are attached as **Appendix F** of this Charter.

4.10 The Board's relationship with Shareholders and stakeholders

4.10.1 The Board shall maintain a communications policy that enables both the Board and Management to communicate effectively with the Company's Shareholders, stakeholders and the general public.

4.10.2 The Board shall ensure that the General Meetings of the Company are conducted in an efficient manner to enhance shareholder communications.

5. Board procedures

5.1 Board meetings

5.1.1 Meetings shall be conducted at least on a quarterly basis. The Company Secretary shall prepare and distribute to all Directors in advance a timetable for the meetings for the year. The Company Secretary shall work together with the Chairman in developing the meeting agenda.

5.1.2 Directors are required to attend Board meetings. However, other Senior Management may be invited to attend meetings for particular items within their responsibility. The Board may also invite external parties, such as the auditors, solicitors and consultants as and when the need arises.

5.1.3 Minutes of proceedings and resolutions passed at each Board and Board Committees meetings are kept in the statutory register at the registered office of the Company. In the event of a potential conflict of interest, the Director in such position will make a declaration to the effect as soon as practicable. The Director concerned will then abstain from any decision-making and decision process in which he has an interest in.

5.2 Agenda

The Chairman, in conjunction with the Company Secretary, shall assess the type of information needed to be supplied to the Board and the contents of the agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.

5.3 Meeting papers

To allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least five (5) business days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/ or recommendations is prepared.

5.4 Access to information

All Directors shall have unrestricted access to Management and to information pertaining to the Company, including access to the Company's auditors, consultants and Company Secretary, relevant to the furtherance of their duties and responsibilities as Directors of the Company.

5.5 Independent professional advice

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

6. Directors' training

Directors are required to undergo the Mandatory Accreditation Programme under the auspices of Bursa Securities. In addition, Directors are required to attend relevant training courses/seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as technical matters, for example, financial reporting standards, tax, budgets, etc. in order to update their knowledge and skills to sustain their active participation in Board deliberations and effectively discharge their duties. The Nomination Committee shall decide on the continuous education training programme for Directors.

7. Directors' remuneration

- 7.1 With the recommendation from the Remuneration Committee, the fees and any benefits payable to the Directors shall be subject to the approval by Shareholders annually;
- 7.2 Fees payable to NEDs shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover; and
- 7.3 The remuneration of EDs shall be reviewed by the Remuneration Committee and recommended to the Board for approval with the individual Director concerned abstaining from discussing his individual remuneration. The amount of remuneration payable shall be determined with reference with the Group's performance.

8. Confidentiality and disclosure of interest

The Directors are required to act in the best interests of the Company. The Directors also have a duty of confidentiality in relation to the Company's confidential information.

A Director should disclose to the Board:

- (a) any material personal interest they have in a matter which relates to the affairs of the Company; and
- (b) any other interest (direct or indirect) which the Director believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The disclosure should be made as soon as practicable after the Director becomes aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

9. Board and member assessment

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

10. Review of the Charter

The Charter will be reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

DIRECTORS' CODE OF CONDUCT AND ETHICS

As prescribed by Section 213 to Section 221 of the Companies Act, 2016, Directors of a Company shall at all times act in good faith and in the best interest of the Company. Directors shall adhere to the general principles of integrity, objectivity, accountability, openness, honesty and leadership.

The Directors shall observe the Directors' Code of Conduct and Ethics, which includes the following:

- (i) Observe high standards of corporate governance, in particular the practices set out in the MCCG 2021, the Listing Requirements, the Companies Act, 2016 and the Capital Markets and Services Act, 2007;
- (ii) Not to misuse information gained in the course of duties for personal gain or for any other purpose, nor seek opportunities in the course of service as Directors to promote private interests or those of connected persons, firms, businesses or other organisations; and
- (iii) Adhere to the regulatory requirements pertaining to trading in the Company's shares, including insider trading. In the performance of his duties, a director should at all times observe the following codes:

A) Corporate Governance

- 1) Should have a clear understanding of the aims and purpose, capabilities and capacity of the Company;
- 2) Should devote time and effort to attend meetings and to know what is required of the Board and each of its directors, and to discharge those functions;
- 3) Should ensure at all times that the Company is properly managed and effectively controlled;
- 4) Should stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;
- 5) Should insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
- 6) Should limit his directorship of companies to a number in which he can best devote his time and effectiveness; each director is his own judge of his abilities and how best to manage his time effectively in the Company in which he holds directorship;
- 7) Should have access to the advice and services of the company secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;
- 8) Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Company;
- 9) Should disclose immediately all contractual interests whether directly or indirectly with the Company;
- 10) Should neither divert to his own advantage any business opportunity that the Company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
- 11) Should at all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;
- 12) Should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake;

- 13) Relationship with Shareholders, Employees, Creditors and Customers:
- Should be conscious of the interest of shareholders, employees, creditors and customers of the Company;
 - Should at all times promote professionalism and improve the competency of management and employees; and
 - Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

B) Social Responsibilities and the Environment

- 1) Should ensure that necessary steps are taken in accordance with the law to properly wind-up or strike off the company register if the company has not commenced business or has ceased to carry on business and is not likely to commence business in the future or resume business as the case may be;
- 2) Should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
- 3) Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
- 4) Should be more proactive to the needs of the community and to assist in society-related programmes; and
- 5) Should ensure that the activities and the operations of the Company do not harm the interest and well-being of society at large and assist in the fight against inflation.

Review of the Policy

The Board will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Board will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

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

- 1. Board remuneration**
 - (a) Recommendation of fees for Directors to be approved by Shareholders.
 - (b) Approval of remuneration packages, including service contracts, for Executive Directors.

- 2. Company's operations**
 - (a) Review and approval of Company's strategic plan and annual budget (including capital expenditure budget).
 - (b) Approval of limits of authority for the Company.
 - (c) All related party transactions.

- 3. Financial**
 - (a) Review and approve the quarterly results to Bursa Securities and year-end financial statements including the annual report.
 - (b) Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval.
 - (c) Review through the Audit and Risk Management Committee, the appointment, re-appointment, resignation and termination of external auditor and to recommend the same to the Shareholders for approval and approve their related audit fee.

- 4. Others**
 - (a) Granting of power of attorney by the Company.
 - (b) Entering into any corporate guarantee and indemnity issued by the Company.

BOARD AND SENIOR MANAGEMENT DIVERSITY POLICY

Policy statement

The Board strongly advocates board diversity as a truly diverse Board and Senior Management will include and make good use of differences in the skills, regional and industry experience, background and other qualities of Directors. These differences will be considered in determining the optimum composition of the Board and Senior Management and when possible, should be balanced appropriately. The Company's goals and core principles are taken into consideration in the development of this Policy. The Company's strategic intent for board and senior management diversity is the attraction, retention and development of a diverse team of skilled people towards the delivering of the Company's strategy. The Board Diversity Policy is centered on the following initiatives:

- (1) Identifying and creating the right balance of skills, industry experience, age, cultural background and gender diversity of Directors and Senior Management;
- (2) Retaining Directors and Senior Management based on performance and merit, in the context of skills, time commitment and experience, in order for the Group to be effective; and
- (3) The Board's Nomination Committee to review and assess the Board composition and mix, and make recommendations on the nomination and appointment of new Directors. The Nomination Committee is tasked with the following responsibilities:
 - (a) To nominate and appoint members based on merit and free of prejudice, whilst simultaneously considering a broader sense of diversity and its advantages, when reviewing Board composition; and
 - (b) To consider the mix of skills, experience, independence, knowledge and the diversity representation of the Board, as part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors.

The Board, through Nomination Committee, will monitor the scope and applicability of this Board and Senior Management Diversity Policy, from time to time. The management is responsible for implementing, monitoring and reporting on the progress of achieving the objectives as stated above. The management and employees have responsibility for understanding and adhering to the terms of this policy.

AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”) CHARTER

(TERMS OF REFERENCE)

1. Constitution

The functions and authority of the ARMC extend to the Group.

2. Primary objectives

The primary objectives of the ARMC are to assist the Board in fulfilling its fiduciary duties and to oversight objectives on the activities of the Group, which includes amongst others, the following:

- (a) oversee financial reporting process; and
- (b) evaluate the internal and external audit processes, including issues pertaining to the system of internal control and risk management within the Group.

The ARMC, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each ARMC meeting. When presenting any recommendation to the Board, the ARMC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

3. Membership

The ARMC shall be appointed by the Board from amongst their members and shall consist of not less than three (3) members. All the ARMC members must be Non-Executive Directors, with a majority of them being Independent Directors. No alternate director shall be appointed as a member of the ARMC. The Chairman of the Board should not be a member of the ARMC.

At least one (1) member of the ARMC:

- (a) must be a member of 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 and:
 - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - (ii) he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Securities.

If membership of the ARMC for any reason falls below three (3) members, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement of three (3) members.

The ARMC shall has a policy that requires a former partner of the external audit firm to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

The appointment of a committee member terminates when the member ceases to be a director.

4. Chairman

The Chairman of the ARMC shall be an Independent Non-Executive Director appointed by the Board in which the Chairman of ARMC is not a Chairman of the Board. In the absence of the Chairman of the ARMC, members present at the meeting shall elect one (1) of them to chair the meeting.

The Chairman of the ARMC together with other members of the ARMC should ensure among others that–

- (a) the ARMC is fully informed about significant matters related to the Group's audit and its financial statements and addresses these matters;
- (b) the ARMC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
- (c) ARMC's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the external auditor; and
- (d) there is co-ordination between internal and external auditors.

5. Secretary

The Company Secretary or such other person appointed by the Board (if any), shall be the Secretary of the ARMC ("Secretary"). The Secretary shall be responsible, with the concurrence of the Chairman of the ARMC, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting and shall be entrusted to record all proceedings and minutes of all meetings of the ARMC.

6. Quorum, Meetings and Minutes

A quorum of a meeting of the Committee shall consist of a majority of Independent Directors and shall not be less than two (2) Independent Directors. For the purpose of determining whether the quorum for the transaction of the business of the Committee exists in the case of a meeting of ARMC, in addition to the members present at the meeting, any member in telephonic communication with such meeting shall be counted in the quorum.

The ARMC shall hold at least four (4) meetings a year. Additional meetings may be held as and when necessary, upon request by any ARMC member, the Senior Management, internal or external auditors and the Group Financial Controller. Other members of the Board of Directors, employees and representatives of external auditors shall attend the meetings upon the invitation of the ARMC.

Notice of any meeting of the ARMC may be given by telephone or facsimile and the contemporaneous linking together by telephone or such other electronic communication of a number of the members being not less than the quorum shall be deemed to constitute a meeting of the ARMC wherever in the world they are, as long as :

- (a) the quorum of ARMC is met;
- (b) at the commencement of the meeting each member acknowledges the presence thereof to all the other members taking part and such participation shall be deemed to be present in person;
- (c) each of the members taking part is able to hear each of them subject as hereinafter mentioned throughout the meeting;

- (d) the members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validly notwithstanding that a member's telephone is accidentally disconnected during the meeting and the proceedings thereof shall be deemed to be as valid as if the telephone had not been disconnected;
- (e) all information and documents are made equally available to all participants prior to or at/during the meeting; and
- (f) minutes of the proceedings shall be sufficient evidence thereof and of the observance of all necessary formalities if signed and certified by the Chairman.

Notice of meeting and board papers shall be given to all members of the ARMC at least five (5) business days before the meeting or at shorter notice as the ARMC members shall determine or agree.

The decision of the ARMC shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and shall be accepted as prima facie evidence without further proof of the facts stated therein. Such minutes of meetings shall be kept by the Secretary and distributed to each member of the ARMC. The Chairman of the ARMC shall report on each meeting to the Board of Directors from time to time. A resolution in writing signed by all members of the ARMC shall be deemed to have been passed at a meeting held on a date on which it was signed by the last member of the ARMC.

7. Authority

The ARMC is authorised by the Board to:

- (a) investigate any activity within its terms of reference and shall have unrestricted access to all employees of the Group;
- (b) have the resources in order to perform its duties as set out in its terms of reference;
- (c) have full and unrestricted access to information pertaining to the Group;
- (d) have direct communication channels with the internal and external auditors;
- (e) obtain external legal or other independent professional advice as necessary; and
- (f) convene meetings with the internal auditors, external auditors or both, excluding the attendance of other Directors and employees of the Group whenever deemed necessary. Notwithstanding anything to the contrary hereinbefore stated, the ARMC does not have executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Group.

8. Responsibility

Where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the ARMC has the responsibility to promptly report such matter to Bursa Securities.

9. Duties and Responsibilities

- (a) to review the quarterly results to Bursa Securities and year-end financial statements of the Group before submission to the Board, focusing particularly on changes in or implementation of major accounting policy changes, significant matters highlighted and how these matters are addressed, and compliance with accounting standards and other legal requirements;
- (b) to consider the nomination and appointment of external auditors and, if found appropriate, to recommend their appointment and their audit fee;
- (c) to discuss with the external auditors, prior to the commencement of audit, their audit plan, which shall state the nature of the audit, and to ensure an effective co-ordination of audit, where more than one audit firm is involved;
- (d) to review, in respect of internal audit functions, amongst others, the adequacy of the audit scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its functions;
- (e) to monitor any related party transactions and situations where a conflict of interest may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity, as well as to assess the financial risks relating to such transactions, and to ensure that the Directors report such transactions annually to the Shareholders via the annual report;
- (f) to review the reports in relation to the adequacy and integrity of the Group's internal control system and to review the results of the annual review done on the system of internal control and the risk management framework;
- (g) to discuss issues and matters arising from the interim and final external audits, and any matters the external auditors and/or internal auditors may wish to discuss in the absence of management, where necessary;
- (h) to assess the effectiveness of the risk management framework, review and monitor risk reporting;
- (i) to report promptly to Bursa Securities and/or to Securities Commission Malaysia on any matter reported to the Board, which has not been satisfactorily resolved resulting in the breach of the Listing Requirements, rules and guidelines issued by Bursa Securities and/or the Securities Commission Malaysia; and
- (j) to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements based on the following policies and procedures; and
 - the criteria on the appointment and re-appointment of the external auditor should include an assessment of the competence, audit quality and resource capacity of the external auditor in relation to the audit. The assessment should also consider information presented in the Annual Transparency Report of the audit firm. If the audit firm is not required to issue an Annual Transparency Report, ARMC is encouraged to engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;

- the appropriateness of audit fees to support a quality audit;
 - requirement for non-audit services to be approved by the ARMC before they are rendered by the external auditor and its affiliates while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees. The ARMC should avoid situations where the audit firm inadvertently assumes the responsibilities of management in the course of providing non-audit services. Such a situation may be a breach of the independence requirements on the part of the audit firm; and
 - to obtain written assurance from the external auditor confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
 - to conduct an annual evaluation on the performance of the external auditor and undertaking follow-up measures, where required
- (k) to consider other matters as may be directed by the Board from time to time.

10. Review of the ARMC

The Nomination Committee shall assess the performance and effectiveness of the ARMC annually to determine whether the ARMC and its members have carried out their duties in accordance with their terms of reference.

These terms of reference may from time to time be amended as required, subject to the approval of the Board.

NOMINATION COMMITTEE (“NC”) CHARTER

(TERMS OF REFERENCE)

1. Primary objectives

The NC shall:

- 1.1 Assist the Board in reviewing on an annual basis, or as required, the correct mix of skills, business & professional experience that should be added to the Board;
- 1.2 Consider, in making its recommendations, candidates for directorships proposed by the Group MD and, within the bounds of practicality, by any other Senior Management executive or any Director or Shareholder; and
- 1.3 Recommend to the Board, directors to fill the seats on Board Committees.

The NC, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each NC meeting. When presenting any recommendation to the Board, the NC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

2. Membership

- 2.1 The NC shall be appointed by the Board from among their members and shall consist of not less than three (3) members;
- 2.2 The NC shall comprise exclusively of Non-Executive Directors, a majority of whom must be independent. No alternate director can be a member of the NC;
- 2.3 The Chairman of the NC shall be the Independent Director or Senior Independent Director identified by the Board;
- 2.4 The Chairman of the Board should not be a member of the NC;
- 2.5 If membership of the NC for any reason fall below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to fulfill the minimum requirement of three (3) members; and
- 2.6 The appointment of a committee member terminates when the member ceases to be a director.

3. Authorities, Duties and Responsibilities

- (a) to recommend to the Board new candidate(s) for appointment (taking into account gender diversity) and to recommend to the Board re-appointment/re-election of Directors. In making a recommendation to the Board on the candidate(s) for directorship, the NC will consider the skills, knowledge, ability, expertise, experience, professionalism and integrity of the candidate(s), and any potential conflict of interest. In the case of candidates for the position of independent non-executive directors, the NC will also evaluate the candidates' ability to discharge such responsibilities or functions as expected from independent non-executive directors;

- (b) to conduct annual assessment on Board, Board Committees and individual Directors and to annually review, or as required, the required mix of skills, diversity, business and professional experiences that should be added to the Board;
- (c) to appraise each individual Director in terms of his experience, knowledge, credibility and credential, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member;
- (d) to examine the ability of each Director in contributing to the effective decision making process of the Board and ensure that the Board and Board Committees are functioning actively, efficiently and effectively in all its decision making;
- (e) to review, when necessary, the criteria to assess independence of the Independent Directors of the Company;
- (f) to assess the effectiveness of the Board as a whole and the Committees of the Board;
- (g) to annually review the term of office and performance of the Audit and Risk Management Committee;
- (h) to review the Board and senior management's succession plans from time to time, taking into account the challenges faced by and/or opportunities available to the Company, the skills and knowledge, including diversity needed by the Board in future, as well as to make recommendations to the Board on succession planning policy for the senior management;
- (i) to make recommendations to the Board on the necessary changes based on the reviews and assessments to the adequacy and relevance of the key duties and responsibilities of the Board and senior management personnel annually;
- (j) to ensure orientation and educational programmes are provided for new members of the Board, and to review/evaluate and/or determine the Directors' continuing education programmes to aid the Directors in the discharge of their duties; and
- (k) to review female personnel's participation in senior management.

4. Chairman

The Chairman of the NC shall be an Independent Non-Executive Director appointed by the Board. In the absence of the Chairman of the NC, members present at the meeting shall elect one (1) of them to chair the meeting.

5. Secretary

The Company Secretary or such other person appointed by the Board (if any), shall be the Secretary of the NC ("Secretary"). The Secretary shall be responsible, with the concurrence of the Chairman of the NC, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting and shall be entrusted to record all proceedings and minutes of all meetings of the NC.

6. Quorum, Meetings and Minutes

A quorum of a meeting of the NC shall consist of a majority of Independent Directors and shall not be less than two (2) Independent Directors. For the purpose of determining whether the quorum for the transaction of the business of the NC exists in the case of a meeting of NC, in addition to the members present at the meeting, any member in telephonic communication with such meeting shall be counted in the quorum.

The NC shall hold at least one (1) meeting a year. Additional meetings may be held as and when necessary. Other members of the Board shall attend the meetings upon the invitation of the NC.

Notice of any meeting of the NC may be given by telephone or facsimile and the contemporaneous linking together by telephone or such other electronic communication of a number of the members being not less than the quorum shall be deemed to constitute a meeting of the NC wherever in the world they are, as long as :

- (a) the quorum of NC is met;
- (b) at the commencement of the meeting each member acknowledges the presence thereof to all the other members taking part and such participation shall be deemed to be present in person;
- (c) each of the members taking part is able to hear each of them subject as hereinafter mentioned throughout the meeting;
- (d) the members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validly notwithstanding that a member's telephone is accidentally disconnected during the meeting and the proceedings thereof shall be deemed to be as valid as if the telephone had not been disconnected;
- (e) all information and documents are made equally available to all participants prior to or at/during the meeting; and
- (f) minutes of the proceedings shall be sufficient evidence thereof and of the observance of all necessary formalities if signed and certified by the Chairman.

Notice of meeting and board papers shall be given to all members of the NC at least five (5) business days before the meeting or at shorter notice as the NC members shall determine or agree.

The decision of the NC shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and shall be accepted as prima facie evidence without further proof of the facts stated therein. Such minutes of meetings shall be kept by the Secretary and distributed to each member of the NC. The Chairman of the NC shall report on each meeting to the Board from time to time. A resolution in writing signed by all members of the NC shall be deemed to have been passed at a meeting held on a date on which it was signed by the last member of the NC.

7. Review of the NC

The Board shall review the performance and effectiveness of NC annually to determine whether the NC and its members have carried out their duties in accordance with their term of reference.

8. NC Statement

The Board shall review and disclose in the Annual Report on the statement about the activities of the NC in the discharge of its duties for the financial year and such statement must include how the requirements set out in Rule 2.20A of the Listing Requirements are met and contain the following information:

- (a) the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed issuer;
- (b) the Board nomination and election process of Directors and criteria used by the NC in the selection process; and
- (c) the assessment undertaken by the NC in respect of the Board, Board Committees and individual Directors together with the criteria used for such assessment.

These terms of reference may from time to time be amended as required, subject to the approval of the Board.

REMUNERATION COMMITTEE (“RC”) CHARTER**(TERMS OF REFERENCE)****1. Primary objectives**

The RC is established to assist the Board in determining the remuneration packages of executive directors in all its forms. Hence, it contributes towards strengthening the independence of the remuneration function, which ultimately improves corporate accountability and governance. The primary objectives of the RC are as follows:

- (a) To ensure that a transparent and formal procedure is established in the development and assessment of the level of compensation that would be sufficient to attract and retain good caliber Directors and Key Senior Management;
- (b) To review the composition of the various types of components of remuneration package such as fees, allowances, basic salaries, bonuses and other benefits-in-kind for Directors and Key Senior Management; and
- (c) To ensure that the components of the Directors’ and Key Senior Management’s remuneration package are linked to performance, responsibility levels and is comparable with market norm.

The RC, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each RC meeting. When presenting any recommendation to the Board, the RC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

2. Membership

The RC members shall be appointed by the Board from amongst their members based on the recommendations of the NC, comprise only Non-Executive Directors and majority of Independent Directors in order to achieve a high degree of independence and objectivity thereby ensuring corporate accountability and governance. The RC shall have at least three (3) members, majority of whom must be Independent Directors and should not be so large that efficiency is impaired. The Chairman of the Board should not be a member of the RC. If membership of the RC for any reason fall below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new member as may be required to fulfill the minimum number of three (3) members, based on the recommendations of the NC.

The RC members shall have:

- (a) a good knowledge of the Company and the Directors, and a full understanding of Shareholders’ concerns; and
- (b) a good understanding, enhanced as necessary by appropriate training or access to professional advice, on/of areas of remuneration.

The appointment of a committee member terminates when the member ceases to be a director.

3. Chairman

The Chairman of the RC must be an Independent Director and shall be appointed by the Board, based on the recommendations of the NC. In the absence of the RC Chairman, members present at the meeting shall elect one (1) of them to chair the meeting.

4. Secretary

The Company Secretary or such other person appointed by the Board (if any), shall be the Secretary of the RC ("Secretary"). The Secretary shall be responsible, with the concurrence of the Chairman of the RC, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting and shall be entrusted to record all proceedings and minutes of all meetings of the RC.

5. Quorum, Meetings and Minutes

The quorum of the RC meeting shall be two (2) members, of which one (1) must be an Independent Director. For the purpose of determining whether the quorum for the transaction of the business of the RC exists in the case of a meeting of RC, in addition to the members present at the meeting, any member in telephonic communication with such meeting shall be counted in the quorum.

The RC shall hold at least one (1) meeting a year. Additional meetings may be held as and when necessary, upon request by any RC member. Other members of the Board shall attend the meetings upon the invitation of the RC.

Notice of any meeting of the RC may be given by telephone or facsimile and the contemporaneous linking together by telephone or such other electronic communication of a number of the members being not less than the quorum shall be deemed to constitute a meeting of the RC wherever in the world they are, as long as:

- (a) the quorum of RC is met;
- (b) at the commencement of the meeting each member acknowledges the presence thereof to all the other members taking part and such participation shall be deemed to be present in person;
- (c) each of the members taking part is able to hear each of them subject as hereinafter mentioned throughout the meeting;
- (d) the members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validly notwithstanding that a member's telephone is accidentally disconnected during the meeting and the proceedings thereof shall be deemed to be as valid as if the telephone had not been disconnected;
- (e) all information and documents are made equally available to all participants prior to or at/during the meeting; and
- (f) minutes of the proceedings shall be sufficient evidence thereof and of the observance of all necessary formalities if signed and certified by the Chairman.

The decision of the RC shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Notice of meeting and board papers shall be given to all members of the Committee at least five (5) business days before the meeting or at shorter notice as the RC members shall determine or agree.

Minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and shall be accepted as prima facie evidence without further proof of the facts stated therein. Such minutes of meetings shall be kept by the Secretary and distributed to each member of the RC. The Chairman of the RC shall report on each meeting to the Board from time to time. A resolution in writing signed by all RC members shall be deemed to have been passed at a meeting held on a date on which it was signed by the last member.

6. Authority

The RC is authorised by the Board to recommend to the Board the remuneration of the Executive Directors in all its forms. The actual decision as to the level of remuneration payable will be the responsibility of the full Board after considering the recommendations of the RC. It has unrestricted access to all of the Group's Executive Directors' records to enable it to discharge its duties. Executive Directors should not be involved in the decisions making on their own remuneration. The determination of the remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

The RC may consult the Chairman of the Board (if any) regarding proposals relating to the remuneration of Executive Directors. The RC may request other directors and key executives to participate in the meetings, as necessary, to carry out RC's responsibilities.

The RC shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Company. The RC is authorised by the Board to obtain external legal or other professional advice, as well as information about remuneration practices elsewhere. The RC may, if it thinks fit, secure the attendance of external advisers with relevant experience and expertise, and shall have the discretion to decide who else other than its own members, shall attend its meetings.

The RC shall have no authority to act on behalf of the Board but shall have authority to examine all the issues at hand and to report back to the Board with recommendations. It shall be governed by its terms of reference duly approved by the Board and which may be amended from time to time by the Board.

7. Duties and Responsibilities

- (a) to develop and formulate a transparent remuneration policy and procedures framework for the Directors and Key Senior Management;
- (b) to review and recommend to the Board the remuneration of the Directors and Key Senior Management (where necessary), with reference to the Remuneration Policy of the Company (if any), taking into consideration the responsibilities, functions, performance, expertise, Company's operating results, and comparable market statistics where applicable;
- (c) to ensure the levels of remuneration be sufficiently attractive and be able to retain and/or motivate the Directors and Key Senior Management to drive the Company's long term objectives;

- (d) to recommend the engagement of external professional advisors to assist and/or advise the RC on remuneration matters, where necessary; and
- (e) to perform any other functions as defined by the Board.

8. Review of the RC

The NC shall review the performance and effectiveness of the RC annually to determine whether the RC and its members have carried out their duties in accordance with their term of reference.

These terms of reference may from time to time be amended as required, subject to the approval of the Board.