



## **BOARD CHARTER**

### **TABLE OF CONTENTS**

#### 1. INTRODUCTION

#### 2. OBJECTIVES

#### 3. ROLES AND RESPONSIBILITIES

##### 3.1 Board Roles and Responsibilities

##### 3.2 Chairman Roles And Responsibilities

##### 3.3 Executive Directors Roles and Responsibilities

##### 3.4 Independent Non-Executive Directors Roles And Responsibilities

##### 3.5 Committees Roles and Responsibilities

###### 3.5.1 Audit Committee

###### 3.5.2 Nomination Committee

###### 3.5.3 Remuneration Committee

#### 4 BOARD COMPOSITIONS AND PERFORMANCE

##### 4.1 Board Balance

##### 4.2 Appointments

##### 4.3 Re-election

##### 4.4 Assessment of Independent Directors

##### 4.5 Tenure of Independent Director

##### 4.6 Time Commitment

##### 4.7 Directors Training and Continuing Education Programmes

#### 5. MEETINGS

##### 5.1 Board Meetings

##### 5.2 Annual General Meeting



**Chin Well**  
HOLDINGS BERHAD  
371551-T

6. REMUNERATION POLICIES

7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

8. SHAREHOLDERS AND INVESTORS RELATIONS

9. COMPANY SECRETARY

10. APPLICATION



## **1. INTRODUCTION**

The Board of Directors (“Board”) of Chin Well Holdings Berhad (“the Group”) fully appreciates the importance of adopting high standards of Corporate Governance within the Group.

The Board views corporate governance system as synonymous with the key concepts of transparency, accountability as well as corporate performance.

All Board members are expected to have professionalism and integrity in carrying out their duties and responsibilities. All Board members are responsible to the Group for achieving a high level of good corporate governance.

This Board Charter shall constitute and form an integral part to guide the conduct of the Board and the Group.

## **2. OBJECTIVES**

The objectives of this Board Charter are to ensure that all Board members are aware of their duties and responsibilities and have applied the principles of good Corporate Governance in all of their conduct.

This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles. The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time.

## **3. ROLES AND RESPONSIBILITIES**

### **3.1 Board Roles and Responsibilities**

- i) In discharging its responsibilities and facilitating its ongoing oversight of the Group the Board assumes the following duties:
  - a) Overseeing and monitoring the performance of the Management and business operation. Implement measures where performance could be assessed;



- b) Monitoring the Group performance. Oversees the Group policies and operating procedures and delegates it to the Group Management to implement;
  - c) Formalise and commit to a Code of Conduct and Ethics and ensure it compliance with appropriate internal systems to support and promote it.
  - d) Reviewing and monitoring the risk management framework and determine whether they provide reasonable assurance that risks are managed within tolerable ranges. Reviewing the adequacy of internal control system. The review has to be done at least annually;
  - e) Monitoring the Group business operation in compliance with all relevant law and regulatory obligations.
  - f) Approving the Group major capital expenditure and acquisitions/divestures;
  - g) Approving and monitoring budgets.
  - h) Approving financial report to relevant authorities.
  - i) Approving and determine dividend payments.
  - j) Approving policies relating to investors relations programme, shareholder communication and stakeholder's communications;
  - k) Ensuring that appropriate succession plans are in place for the Group.
  - l) Review and approve the Audit Committee Report, Internal Control Statement and the Corporate Governance Statement for the Annual Report
- ii) The Board strives to follow the principles and best practices as stated in the Malaysian Code on Corporate Governance ("MCCG").



- iii) The Board sets the Group's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

### **3.2 Chairman Roles And Responsibilities**

- i) The Chairman is responsible for leadership of the Board in ensuring the effectiveness of the Board in all aspects. The function of the chairman is as follows:
  - a) providing leadership for the board so that the board can perform its responsibilities effectively;
  - b) setting the board agenda and ensuring that board members received the complete information in timely manner;
  - c) leading board meetings and discussions;
  - d) encouraging active participation and allowing dissenting views to be freely expressed;
  - e) managing the interface between board and management;
  - f) leading the board in establishing and monitoring good corporate governance practices in the company;
  - g) ensure effective communication with shareholders and relevant stakeholders;
  - h) ensure constructive relations be maintained between Executive and Non-executive directors
- ii) Should the chairman be absent from a meeting, the members of the Board present at the meeting may choose one of their member to chair the said meeting.

### **3.3 Executive Directors Roles and Responsibilities**

- i) The Executive Directors are primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group's operations.



- ii) The Executive Directors are responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group's business operations based on effective risk management controls.
- iii) The Executive Directors ensure the Group carrying its business according to the Code on Conduct and Ethics and in compliance with the relevant laws and regulations.
- iv) The Executive Directors provide effective leadership to the Group and is responsible for ensuring high management competency and effective management succession plan is in place to sustain continuity of operations.
- v) The Executive Directors implement the policies, strategies and decisions adopted by the Board.

### **3.4 Independent Non-Executive Directors Roles And Responsibilities**

- i) Independent Non-Executive Directors provide independent judgement, experience and objectivity without being influence by business considerations.
- ii) Independent Non-Executive Directors ensure that for any decision the interests of all shareholders and stakeholders are taken into considerations by the Board and that the relevant issues are subject to objective and impartial consideration by the Board.

### **3.5 Board Committees Roles and Responsibilities**

The Board appoints the following Board Committees:

- Audit Committee
- Nominating Committee
- Remuneration Committee

Independent and Non-Executive Directors play a leading role in the Board Committees. The roles and responsibilities of the Board Committees are set out in their respective terms of reference below.



### **3.5.1 Audit Committee**

- i) The Audit Committee shall comprise at least three (3) Non-Executive Directors, a majority of whom must be Independent Directors.
- ii) The Audit Committee will elect an Independent Director from amongst them as its Chairman.
- iii) The functions of the Audit Committee are as follows:
  - a) To ensure that financial statements complied with applicable financial reporting standards;
  - b) To assess the suitability and independence of external auditors;
  - c) To review the audit plan, management letter and audit report from external auditor;
  - d) To ensure the adequacy on scope of work of internal auditor and that it has the necessary authority to carry out its work;
  - e) To review the internal audit plan and internal audit report and to ensure appropriate action is taken on the recommendations of the internal auditor;
  - f) To assess any procedure, transactions and conduct of business that may give rise towards conflict of interest for the Group;
  - g) To evaluate appointment, re-appointment and resignation of external and internal auditor.
  - h) To assess the performance of external auditor as well as the internal auditor on annual basis.
  - i) To review, deliberate and evaluate the effectiveness and efficiency of the risk management and internal control systems in the Group.
  - j) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raise questions of



management integrity.

- k) To prepare the Audit Committee Report and review the Internal Control Statement as well as Corporate Governance Statement for the annual report.
- l) To perform any other functions as may be agreed by the Audit Committee and the Board.
- iv) The Audit Committee shall meet the external auditors, internal auditor without the presence of Executive Directors and Management. Executive Directors and Management may attend the meetings only at the invitation of the Audit Committee.
- v) A copy of the term and reference of the Audit Committee is available on the Company's website.

### **3.5.2 Nominating Committee**

- i) The Nominating Committee shall comprise at least three (3) Non-Executive Directors, a majority of whom are Independent Directors.
- ii) The Nominating Committee will elect an Independent Director from amongst them as its Chairman.
- iii) The function of Nominating Committee's are as follows:
  - a) To evaluate and recommend to to the Board, suitable candidtes for appointmentas director and to fill the vacant seats of the Board Committees;
  - b) To annually assess the composition of the Board and the required mix of skills and competencies of the Board;
  - c) To annually assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual director;
  - d) To annually review the term of office and performance of the Audit Committee and each of its members to determine whether such



committee and members have carried out their duties in accordance with the terms of reference.

- e) Develop, maintain and review the criteria to be used in the Board members recruitment process and annual assessment of Directors.
  - f) To annually assess the Boardroom diversity and trainings needs of the directors;
  - g) To annually assess the independence of the Independent Directors;
  - h) To annually review and recommend to the Board for re-appointment and continuation in office of any Independent Director whose tenure is more than 9 years; To annually review and recommend to the Board for the re-election of directors who retire by rotation pursuant to the provision of the Company's Constitution;
  - i) To give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future.
- iv) A copy of the term and reference of the Nominating Committee is available on the Company's website.

### **3.5.3 Remuneration Committee**

- i) The Remuneration Committee shall comprise at least three (3) Non-Executive Directors.
- ii) The Remuneration Committee will elect an Independent Director from amongst them as its Chairman.
- iii) The function of Remuneration Committee's are as follows:
  - a) To establish a formal and transparent remuneration policy for the Executive Directors and senior management;



- b) To review and recommend to the Board, the remuneration packages of Executive Directors.
  - c) To review and recommend to the Board, the fees of Non-Executive Directors for shareholders' approval at the Annual General Meeting.
  - d) To consider and recommend to the Board, other rewards and benefits to attract and retain directors for shareholders' approval at the Annual General Meeting.
- iv) A copy of the Remuneration Committee is available on the Company's website.

## **4 BOARD COMPOSITIONS AND PERFORMANCE**

### **4.1 Board Composition**

- i) The size of the Board is dictated by the Constitution of the Company which provides a minimum of 2 directors and a maximum of 10 directors.

The Board composition must have a balance of skills, experience and professional knowledge necessary to meet the Company's objectives.

- iii) The Board composition must have at least 2 or 1/3, whichever is higher, of Independent Directors necessary to ensure the desired level of objectivity and independence in Board's deliberations and decision-taking.
- iv) Profiles of the directors are disclosed in the Company's annual report.



## **4.2 Appointment**

- i) The appointment of a new Director is a collective decision of the Board as a whole upon the recommendation from the Nominating Committee.
- ii) The directorships held by any director at any one time shall not exceed 5 directorships in public listed companies.

## **4.3 Re-election**

- i) All Directors are subject to retirement by rotation at least once in every 3 years and is eligible for re-election.
- ii) At the AGM, 1/3 of the directors for the time being, or if their number is not 3 or multiple of 3, then the number nearest to 1/3 shall retire from office And be eligible for re-election.
- iii) Any director who is appointed to fill a casual vacancy or as an addition to the existing director shall hold office until the next AGM of the Company and shall be eligible for re-election.
- iv) Nominating Committee will review and assess the performance of the retiring director prior to recommending to the Board for decision on the re-appointment of the director.

## **4.5 Tenure of Independent Director**

- i) The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years.
- ii) Upon completion of 9 years, an Independent Director may continue to serve on the Board subject to the said director to be re-designated as a Non-Independent Director.
- iii) If the Board intends to retain the Independent Director beyond 9 years, the Board must justify and seek annual shareholders' approval. .



iv) If the tenure of the Independent Director exceeds 12 years, the Board must justify and seek annual shareholders' approval vide 2 tier voting process.

#### **4.6 Time Commitment**

- i) All directors should devote sufficient time to carry out their responsibilities as directors of the Company. In the event of new directorship accepted by the director in other public listed company, the director's concern must assure the Board of his time commitment in fulfilling his role as a director of the Company.
- ii) An annual meeting calendar is discussed and circulated to the directors before the beginning of every financial year.
- iii) Each director shall attend at least 60% of the total meetings held during the year. Directors may participate in the meeting by mean of a telephone/tele-conference or similar electronic tele-communicating equipment.

#### **4.7 Directors Training**

- i) Any director appointed to the Board is required to complete the Mandatory Accreditation Programme (MAP) within 4 months from the date of appointment.
- ii) The Directors are to evaluate their own training needs on a continuous basis and to attend workshops, seminars and other programmes that would enable them to enhance their knowledge and contribution to the Board.

### **5 MEETINGS**

#### **5.1 Board Meetings**

- i) The Board ordinarily meets at least five (5) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings,
- ii) Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.



- iii) A full agenda and comprehensive Board papers are circulated to all Directors at least 7 days' in advance of each Board meeting. The Board papers include amongst others, the following:
- a) Quarterly unaudited financial report of the Group;
  - b) Internal audit report;
  - c) Report on the financial and operations status of the Group;
  - d) Report on Recurrent Related Party Transactions;
  - e) Previous Board meeting minutes.

## **5.2 Annual General Meeting (“AGM”)**

- i) The Board regards the AGM as a principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication shareholders.
- ii) All the resolutions set out in the notice of the AGM will be voted upon by poll.
- iii) The polling results for all the resolutions in the AGM will be verified by an independent scrutineer.

The Board, Senior Management and the External Auditors will be present to respond to shareholders' enquiries at the AGM.

## **6 REMUNERATION POLICIES**

- i) The Board has established a formal and transparent process for approving the remuneration of the Executive Director and Non-Executive Director, whereby the Remuneration of the Executive Committee is responsible for reviewing the remuneration policy and making recommendations of the same to the Board for approval. In its review, the Remuneration Committee will consider various factors including the Directors' fiduciary duties, time commitments expected of them and the Company's performance.



- ii) The review of the Directors' remuneration will be carried out by the Remuneration Committee on annual basis for the approval of the Board prior to recommending the same for shareholders' approval at The annual general meeting of the Company.
- iii) A copy of the Remuneration Policy of the Director is available on the Company's website.

## **7 ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

- i) Directors have rights to access to information and to seek independent advice individually or collectively necessary to discharge their responsibilities and making independent judgment.
- ii) Directors will be entitled to:
  - a) Access members of the Group management via the Executive Directors at any time to request for relevant information and explanations;
  - b) Access to internal and external auditors, without management present for relevant information and explanations;
  - c) Seek independent professional advice with prior consent from Board at the Group's expense.

## **8 SHAREHOLDERS AND INVESTORS RELATIONS**

- i) The Board acknowledges the need for shareholders and investors to be informed of all material business matters affecting the Group and adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- ii) The Board ensures the timely release of financial results on a quarterly basis to provide shareholders and investors with an overview of the Group performance and operations in addition to the various announcements made during the year.
- iii) The Company conducts dialogues with financial analysts as and when necessary as a means of effective communication that enables



the Board and Management to convey information relating to the Group's performance, corporate strategy and other matters affecting shareholders' interests.

- iii) The Company has maintained a website that provides easy access to corporate information pertaining to its activities and the website is continuously updated to ensure its relevance.
- iv) A copy of the Corporate Disclosure policy is available on the Company's website.

## **9 COMPANY SECRETARY**

- i) The Board has unlimited access to the advice and services of the Company Secretary.
- ii) The Company Secretary has to be suitably qualified and possesses the knowledge and experience to carry out his functions and this include amongst others the knowledge in governance, finance and the compliance of the Listing Requirements of Bursa Securities.
- iii) The Company Secretary is responsible in ensuring compliance with all statutory & regulatory requirements, recording the proceedings of the Board and its Committees including proper maintenance of secretarial records.

*Last updated 27.9.2018*