



PRINSIPTEK CORPORATION BERHAD
(Company No. 595000-H)

BOARD CHARTER
(Revised as at 6 February 2015)

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1. INTRODUCTION

The Board of Directors of Prinsiptek Corporation Berhad (“Prinsiptek”) recognizes the importance of good corporate governance and is committed in adopting the principles and recommendation of corporate governance throughout the Group in the manner prescribed by the Malaysian Code on Corporate Governance 2012 (“Code”) and Bursa Malaysia Securities Berhad (“Bursa Securities”)’s Main Market Listing Requirements and Corporate Governance Guide – Towards Boardroom Excellence (“CG Guide”) to safeguard the interest of its shareholders and stakeholders:-

- The Board is the focal point of the Company’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the company;
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities;
- All Board members are responsible to the company for achieving a high level of good governance;
- In carrying out its responsibilities, the Board undertakes to secure the interests of shareholders as well as the employees, suppliers and customers and the broader community – honestly, diligently, fairly and in accordance with all applicable laws;
- The Board Charter shall continue and form integral part of each Directors’ duties and responsibilities.

2. OVERVIEW

The Board affirms its overall responsibility in ensuring Corporate Governance is practiced throughout the Group with the objectives of defining the duties and responsibilities of Board members, and ultimately to protect and enhance shareholders’ value, and the financial performance of the Group.

3. COMPOSITION OF THE BOARD AND BOARD BALANCE

The Board shall consist of majority of Independent Non-Executive Directors. This is in compliance with the one-third requirement for Independent Directors to be appointed to the Board as required under the Main Market Listing Requirements of Bursa Securities. This is to ensure the minority Shareholders’ interests are adequately represented. The combination of different professionals with varied background, experience, skills and gender diversity enable the Board to discharge its responsibilities effectively and efficiently. The business and financial experience of each member of the Board would inevitably contribute to the success in steering the Group toward sustaining its remarkable financial results.

The Company maintains Independent Non-Executive Chairman. There is a clear segregation of duties between the Chairman of the Board (“the Chairman”) and the Managing Director so as to ensure that there is always a balance of power and authority. Essentially, the Chairman has the obligations to preside at various meetings, particularly general meetings of shareholders and Board meetings in order to address issues to be highlighted by and to members independently, whilst the Managing Director has the responsibility to manage the day-to-day business operations of the Group by ensuring that strategies, policies and matters approved by the Board and other committees are carried out diligently.

All decisions of the Board must base on the decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorized by the Board. As such, no individual or a group of individual dominate the decision making process.

The Board would ensure that it has the Board dynamic with the right mix of individual qualities and gender diversity. Taken as a whole, the Board represents many years' experience in financial, business management and public corporate affairs and is therefore suited to the oversight of the Company.

Whereas, the Independent Non-Executive Directors would continue to provide unbiased and independent views, advice and judgment to take into account the interest, not only of the Group but also of Shareholders, Employees, and Communities in which the Group conducts business and other Stakeholders.

The Board operates in an open environment in which opinions and information are freely exchanged and in these circumstances any concerns need not be focused on a single Director as all members of the Board fulfill this role individually and collectively. Therefore, the Board is of the opinion that it is not necessary to appoint a Senior Independent Non-Executive Director.

4. APPOINTMENT TO THE BOARD

Prior to the appointment of a director to the Board, the Nomination Committee is fully entrusted with the role of proposing and recommending new nominee(s) to the Board for deliberation based on merit for directorship. Following appointment, new Director(s) will be duly briefed via an orientation and familiarization programme, including visit to the Group's business and operation premises and meetings with Senior Management for new Directors to facilitate their understanding of the Group.

The Nomination Committee would take into account of Directors' skills, expertise, background and experience in evaluating the appointment of Director(s) and the selection would not just based on gender. The Company does not have a policy on boardroom gender but believes in providing equal opportunity to all candidate based on merit.

The Directors are expected to discharge its duties diligently and give sufficient times and attention to the affairs of the Company. Therefore a newly appointed Director shall notify the Chairman before accepting any new directorship. The directorship held by any Board members at any time shall not exceed 5 in listed companies.

5. ROLES AND RESPONSIBILITIES

The Group is leading and controlling by an effective Board. The Board comprises highly reputable and professional persons of caliber and credibility, who have the necessary experience, knowledge and skills to bring an independent judgment in the process of strategic decision making. The Board recognizes its key role in charting the strategic directors for the Group and regularly meets to review corporate strategies, resolve operational matters and monitor financial performance of the Group.

5.1 Role of the Board

The Board is responsible to establish the corporate vision and mission and the Board is the stewardship of the Group's strategic direction and development. In addition, the Board's responsibilities include reviewing the overall objective, setting budgets and monitoring the financial and management performance, key policies, control and operations of the Group, identifying risks and ensuring the existence of adequate internal controls and management systems to measure and manage risks. The Board

is also responsible for succession planning, including appointing, training, replacing the Board members and key management.

5.1.1 Code of Ethics

In addition, the Company's code of ethics and conduct is to be observed by all Directors in performing their duties. Broadly include the following:-

- i. Should have a clear understanding of the aims and purpose, capabilities and capacity of the Company;
- ii. 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;
- iii. Should ensure at all times that the Company is properly managed and effectively controlled;
- iv. 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;
- v. Should insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
- vi. 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;
- vii. Should notify the chairman on any new directorship. The notification should include an identification of nature of business;
- viii. 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;
- ix. Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Company;
- x. Should disclose immediately all contractual interests whether directly or indirectly with the Company;
- xi. 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;
- xii. 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;
- xiii. Should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake;
- xiv. Relationship with Shareholders, Employees, Creditors and Customers:-
 - a. Should be conscious of the interest of shareholders, employees, creditors and customers of the Company;
 - b. Should at all times promote professionalism and improve the competency of management and employees; and
 - c. Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
- xv. Social Responsibilities and the Environment
 - a. Should adopt an objective and positive attitude and give the utmost cooperation for the common goal when dealing with government authorities or regulatory bodies;
 - b. Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities.

5.2 Role of the Independent Chairman

- i. Leads the Board and overseeing to ensure effective performance of the Board with the assistance of the Board Committees and Management in conforming with the highest standard of corporate governance;
- ii. Facilitate the effective contribution of all Directors;
- iii. Ensure all Board members are well brief and have access to information;
- iv. Promote constructive and respectful relations between Board Members and between the Board and Management;
- v. Act as the Group's representative in dealing with external parties;
- vi. Ensure the performance of Board, its main Committees and Individual Directors is formally evaluated on an annual basis;
- vii. Commit the time necessary to discharge his role as Chairman;
- viii. Ensure all Board Committees are properly established and operated;
- ix. Ensure comprehensive induction programme for new Directors and updates for all Directors as and when necessary; and
- x. Ensure relevant issues are included in the Agenda of Board's meetings in order for Board discussion and effective decision-making.

5.3 Role of the Managing Director

- i. Responsible for day-to-day management of the Company and the Group with all powers, discretions and delegations authorized, from time to time by the Board;
- ii. Develop annual operational plans and annual budgets, consistent with agreed strategies and presentation to the Board;
- iii. Plan human resourcing to ensure that the Company has the capabilities and resources required to achieve its plan;
- iv. Develop an organization structure and established processes and systems to ensure the efficient organization of resources;
- v. Be responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies.
- vi. Lead the executive team, including the development of performance and appraisals.
- vii. Ensure the business performance is consistent with the business principles;
- viii. Develop and maintain an effective framework of internal control over risk in relation to all business activities including the Group's business activities;
- ix. Ensure the flow of information to the Board is accurate, timely and clear;
- x. To lead the Group to meet its vision and mission;
- xi. Maintain a friendly social environment and develop organization culture, values and reputation in its market; and
- xii. Have a good corporate social responsibility program for Shareholders, Stakeholders, Staff, Customers and Suppliers.

5.4 Role of the Executive Director

- i. Responsible for day-to-day management of the Division/Department and of the Group with all powers, discretions and delegations authorized, from time to time by the Board;
- ii. Develop annual operational plans and annual budgets, consistent with agreed strategies and presentation to the Managing Director;
- iii. Plan human resourcing to ensure that the Division/Department and Company has the capabilities and resources required to achieve its plan;
- iv. Be responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies;
- v. Lead the staff, including the development of performance and appraisals;
- vi. Ensure the business performance is consistent with the business principles;

- vii. Develop and maintain an effective framework of internal control over risk in relation to all business activities;
- viii. Ensure the flow of information to the Board is accurate, timely and clear; and
- ix. To lead the Division/Department of the Company to meet its vision and mission.

5.5 Role of the Independent Directors

- i. Ensure adequate check and balance and independent view at all Board's deliberation;
- ii. Provide constructive views, advice and opinion to the benefits of the Shareholders, Customers and other Stakeholders;
- iii. Free from any business or other relationships that could materially interfere with the exercise of their independent judgment;
- iv. Review the financial information of the Company and raise queries for clarification if necessary;
- v. Ensure financial information provided to Shareholders is accurate and complete; and
- vi. Ensure the internal control system and adequate measures to mitigate the operational and business risks are in place.

6. **BOARD TENURE**

6.1 Re-Election of Directors

Pursuant to the Company's Articles of Association, one-third (1/3) of the Directors including the Managing Director shall retire by rotation from office at each Annual General Meeting ("AGM") and they shall be eligible for re-election at such AGM. The Directors to retire shall be the Directors who have been longest in office since their appointment or last re-election. In addition, all Directors including the Managing Director shall be subject to retirement by rotation once every 3 years.

6.2 Tenure of Independent Directors

In tandem with the issuance of the MCGG 2012, the tenure of Independent Directors is capped to a cumulative period of 9 years. Upon completion of the 9 years, such Directors can be re-designated as Non-Independent Directors or in exceptional circumstances, the shareholders may decide that an Independent Director can remain in that capacity after serving a cumulative term of 9 years. However, the Board should provide strong justification to the shareholders in such exceptional circumstances.

The calculation of the tenure starts from the time the individual is first appointed as an Independent Director of a Company. The Company should seek shareholders' approval at the nearest AGM before the Director reaches the 9 years term limit. Shareholders' approval should be sought annually after the 9 years term limit. Rotation of Independent Directors within a group of companies is not advisable. In addition, failure to seek shareholders' approval for the extension of the tenure of any Independent Director prior to the 9 years term limit must be explained in the annual report.

7. BOARD MEETINGS

The Board should meet at least 4 times a year, normally at the end of every quarter of the financial year to deliberate and approve the financial results of the Group, corporate plans, budgets, acquisition and disposal of assets, investment proposals and other pertinent issues. When necessary, additional ad-hoc meetings will be convened by the Board to make important decisions as and when the needs arise.

At times, matters requiring Board's decision during the intervals between the Board Meetings are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation and confirmation at the next Board meeting.

8. COMMITTEES OF THE BOARD

The Board delegated certain of its responsibilities to the Board Committees with clearly defined terms of reference outlining their objectives, duties and responsibilities. The Board committees exercise transparency and full disclosure in their proceedings where applicable issues are reported to the Board with appropriate recommendations by the Board Committees. The Board committees are as follows:-

8.1 Audit Committee

- The Audit Committee shall be appointed by the Board pursuant to a Board Resolution.
- It shall comprise at least 3 members. All members of the Audit Committee shall be Non-Executive Directors, with a majority of them being Independent Directors.
- The Chairman of the Audit Committee shall be appointed by the Board, or failing which, amongst the members of the Audit Committee themselves.
- If the number of the members is reduced to below 3 as a result of resignation or death of a member, or for any other reason(s) a member ceases to be a Member of the Audit Committee, the Board shall, within 3 months of that event, appoint amongst such other Non-Executive Directors, a new Member to make-up the minimum number required therein.
- At least 1 member of the Audit Committee:-
 - Must be a member of the Malaysian Institute of Accountants ("MIA"); or
 - If he/she is not a member of MIA, he/she must have at least 3 years of working experience; and
 - (a) he/she must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (b) he/she must be a member of 1 of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - Must possess such qualifications as may from time to time be prescribed by Bursa Securities.
- An alternate Director is not eligible for membership in the Audit Committee.

8.2 Nomination Committee

- The Nomination Committee shall consist of not less than 3 members. All the members shall be Non-Executive Directors, the majority of whom are Independent.
- The quorum for each meeting shall be a majority of members present.
- The Members of the Nomination Committee shall elect a Chairman from among their member who shall be an Independent Director.

- The meetings shall be held not less than 1 time a year. A member may at any time and the Secretary shall on the requisition of a Director summon a meeting of the Nomination Committee.
- Questions arising at any meeting of Nomination Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Nomination Committee.
- In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where 2 members form a quorum, the Chairman of the meeting at which only such a quorum is present or at which only 2 members are competent to vote on the question at issue, shall not have a casting vote.
- The Company Secretary shall be the Secretary of the Nomination Committee.

8.3 Remuneration Committee

- The Committee shall be appointed by the Board from amongst the Directors of the Company consisting of majority Independent Non-Executive Directors. It shall consist of not less than 3 members.
- 2 members shall form a quorum for meetings.
- The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect 1 of their members as Chairman of the meeting.
- The Secretary to the Remuneration Committee shall be the Company Secretary.
- The Remuneration Committee shall meet at least once a year or at such other times as the Chairman of the Committee deemed necessary.
- Question arising shall be decided by a majority of votes and determination by a majority of members shall for all purposes be deemed a determination of the Remuneration Committee.
- In the case of equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where 2 members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only 2 members are competent to vote on the question at issue, shall not have a casting vote.

9. **DIRECTORS' TRAINING**

All members of the Board have to attend the Mandatory Accreditation Programme prescribed by Bursa Securities for Directors of public-listed companies. Likewise, the Board is of the need for Directors to attend continuous education programmes to keep them abreast of new developments pertaining to legislations, regulations and changing commercial risks that may affect business operations and compliance matters. Appropriate training and education programme will be identified and arranged by the Company for Directors' participation from time to time to further enhance their skills and knowledge.

All new Directors will receive comprehensive orientation to fully understand the role of the Board and its committee, as well as the contribution individual Directors are expected to make including, the commitment of time and valuable inputs that the corporation expects from its Directors. The Directors will need to understand the nature and operation of the Company's business.

10. **COMPANY SECRETARY**

The Directors have the unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary on new statutes and directives issued by

regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary also serves notice to Directors on the closed period for trading in the Company's shares, in accordance with the closed period stated in Chapter 14 on Dealings in Securities of the Bursa Securities' Main Market Listing Requirements. The Company Secretary attends and ensures that all Board meetings are properly convened, and that an accurate and proper record of the proceedings and resolutions passed are taken and maintained in the minutes books at the registered office of the Company. The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and the Senior Management.

11. ACCESS TO INFORMATION

All Directors could assess to all information within the Group as well as the advice and services of the Company Secretaries whether as a full Board or in their individual capacity to assist them in their decision making. Where necessary, the Directors may engage independent professionals at the Group's expense on specialized issues to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated.

For effective Board proceedings, the Directors would receive the structured agenda together with comprehensive management reports and proposal papers at least 3 days before the Board meeting. This is to ensure that all Directors are given time to prepare, obtain additional information or clarification prior to their attendance at the meeting.

12. RELATIONSHIP WITH THE SHAREHOLDERS

12.1 Dialogue between Company and Investors

The Group practices an open communication policy with its investors. In its efforts to promote effective communication, the Board has to carry out dialogue with shareholders and investors and recognizes that timely and equitable dissemination of relevant information shall be provided to them through public announcements made to Bursa Securities, the Company's annual reports, circulars and financial results on quarterly basis to enable shareholders and investors to have an overview of the Group's business activities and performance. In addition, the Group strives to improve the contents of the Annual Report in line with the developments in

corporate governance practices. The Company's Annual Report can be accessed at the Company's website at www.prinsiptek.com via a direct link to Bursa Securities' website.

12.2 Annual General Meeting ("AGM")

The Board believes that the AGM is the best forum to promote a closer relationship with our Shareholders and to keep Shareholders informed of all material business and corporate developments concerning the Group. The shareholders are given sufficient notice for the holding of AGMs through annual reports sent to them at least 21 clear days prior to the date of the AGMs. At the AGMs, the Board will present to the shareholders a comprehensive report on the performance of the Group and the shareholders are encouraged to participate in the questions and answers session thereat, and are given the opportunity to raise question or seek more information during the AGMs.

12.3 Extraordinary General Meeting (“EGM”)

The Board may convene EGM to consider any other urgent matters during the year which requires Shareholders’ approval.

13. RELATIONSHIP WITH OTHER STAKEHOLDERS

The Board is accountability to integrate responsible ethical practices in all aspect of business operations to ensure long term sustainability of business.

The Company encourages the practice of high ethical standards to cover:-

13.1 Market place

To uphold corporate responsibility and enhance economic responsibility by creating good return and safeguard Shareholders’ interest.

13.2 Work place

To adopts occupational safety and healthy working environment for all employees and to look after the employees’ welfare and well being in the work place.

13.3 Environment

To support and initiate green technology and avoid wastage.

13.4 Community

The Company supports charitable causes and initiatives on community development project.

14. FINANCIAL REPORT

In preparing the annual financial statements and quarterly announcement of financial results to shareholders, the Board has always strived to present a balanced and understandable assessment of the Group’s financial position and prospects to shareholders.

The Audit Committee assists the Board in ensuring accuracy and adequacy of information by reviewing and recommending for adoption of information for disclosure.

15. INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK

The Board affirms the importance of maintaining a sound system of internal controls and risk management framework to good corporate governance. In order to enhance consistency within the Group, the Board has outsourced an external consultant to provide professional services for internal control assessment and to carry out internal audit function for the Group.

The internal audits reports and update the Audit Committee on regular interval on the internal audit findings, weakness and controls in place.

16. RELATIONSHIP WITH THE AUDITORS

The Board has appropriately established a formal and transparent relationship with the Group's auditor.

The External Auditors are to attend Audit Committee meetings when necessary and could direct access to the Audit Committee and Internal Auditors for independent discussion. The External Auditors shall meet with the Audit Committee twice during the financial year and without the presence of the Executive Directors, with the purposes of finalizing the Group's audited financial statements and approving the audit plan for the financial year.

17. REVIEW OF THE BOARD CHARTER

The Board will review this Charter from time to time to ensure its remains consistent with the Board's objective and responsibilities.