

Board Charter

(Adopted on 17 April 2018)

1. Introduction

The Board of Directors of Tashin Holdings Berhad (“**the Board**”) recognises its duty of being an effective steward and guardian of the Company in setting strategic directions and overseeing the conduct of business to achieve its goals. In line with these duties and responsibilities, the Board has developed a Board Charter adopting the principles and recommendations prescribed by the Malaysian Code on Corporate Governance and in compliance with the Companies Act 2016.

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.

The Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

2. Interpretation

AGM	: Annual general meeting
Board	: Board of Directors of the Company
Bursa Securities	: Bursa Malaysia Securities Berhad
Chairman	: Chairman of the Board
Company or TASHIN	: Tashin Holdings Berhad
CSR	: Corporate social responsibility
Director(s)	: A member of the Board
Executive Directors	: Directors with executive powers and oversee the day-to-day management of the Company, excluding the MD
Group	: The Company and its subsidiaries
MD	: Managing Director
Independent Director(s)	: A Director who does not participate in the management of the Company and satisfies the criteria for “independence” set out in Bursa Securities LR
Management	: Management personnel of the Company
LR	: ACE Market Listing Requirements
MCCG	: Malaysian Code on Corporate Governance

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2. Interpretation – Cont'd

Non-Executive Directors : Directors without executive powers and do not participate in the day-to-day management of the Company

3. Purposes/Objectives of the Board Charter

The objectives of the Board Charter are to ensure that the Directors are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company.

4. The Board (Board Structure)

4.1 Roles and Responsibilities of the Board

- To provide leadership and oversee the overall conduct of the Group's businesses to ensure that the businesses are being properly managed;
- To review and adopt strategic plans for the Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard the Group's reputation, and the employees and assets and to ensure compliance with applicable laws and regulations;
- To ensure that the Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the MCCG;
- To review and approve the annual business plans, financial statements and annual reports;
- To monitor the relationships between the Group and Management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for the Group; and
- To appoint the Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by the Board committees and deliberate on the recommendations thereon.

While the Board may appropriately delegate its authority to Board committees or Management, it shall not abdicate its responsibility and shall at all times exercise collective oversight of the Board committees and Management.

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4.2 Other Responsibilities

- Evaluating and approving the major capital expenditures, capital management and all major corporate transactions;
- Succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing Board and senior Management;
- Establishing a formal schedule of matters reserved for the Board and those delegated to Management and/or Board committees.
- Identifying principal risks of the Company and to ensure the implementation of appropriate internal control and implementation of a proper risk management system; and
- Reviewing the adequacy and the integrity of the management information and internal controls system of the Company.

4.2 Board Composition

The composition and size of the Board facilitate the decision making of the Company. Pursuant to Clause 153 of the Constitution of the Company, the Board shall comprise not less than two (2) nor more than twelve (12) Directors.

In accordance with Paragraph 15.02 of Bursa Securities LR, at least one-third (1/3rd) of the Board shall comprise Independent Directors. In the event that the number is not three (3) or in the multiples of three (3), then the number nearest to one-third (1/3rd) shall apply. The Board shall comply with Bursa Securities LR as may be amended from time to time in respect of the composition of the Board.

The Executive Directors together with Management team shall be responsible for making and implementing the operational decisions. The Non-Executive Directors play a key supporting role in contributing their skills, expertise and knowledge towards the formulation of the Group's strategic and corporate objectives, policies and decisions.

4.3 Board Tenure

In accordance with Clause 165 of the Constitution of the Company, every newly appointed Director shall hold office only until the next following AGM subsequent to their appointment and shall then be eligible for re-election. Further, one-third (1/3rd) of the Board shall retire from office and be eligible for re-election at every AGM and all Directors shall submit themselves for re-election once at least in each three (3) years.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.

In the event that the Director is to remain as an Independent Director after the ninth (9th) year, the Company shall first justify the Director's independency and obtain shareholders' approval.

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In the event that the Company continue to retain the Independent Director after the twelfth (12th) year, the Company shall first justify the Director's independency and obtain annual shareholders' approval through a two-tier voting process.

4.4 Nomination and Appointment

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

Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

The directorships held by any Director shall not exceed five (5) listed companies pursuant to Bursa Securities LR.

4.5 Role of Chairman

The Company aims to ensure a balance of power and authority between the Chairman and MD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of the Chairman and the MD are separately and clearly defined.

The Chairman is responsible for the overall leadership and efficient operation of the Board. The key roles of Chairman, amongst others, are as follows:

- Leading the Board in setting the values and standards of the Company and the Group;
- Ensuring the provision of accurate, timely and clear information to the Directors;
- Ensuring the integrity and effectiveness of the governance process of the Board;
- Arranging regular evaluation of the performance of the Board, its committees and individual Director;
- Facilitating the effective contributions of the Directors; and
- Performing other responsibilities assigned by the Board from time to time.

The Chairman, in consultation with the MD and the Company Secretaries sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.

4.6 Role of MD

The MD is the communication channel between the Board and Management in ensuring the success of the Group's governance and management functions. Key duties and responsibilities of the MD are as follows:

- Developing the strategic direction of the Group, with consultation and approval of the Board;

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- Ensuring the effective implementation of the Group's business plan and policies established by the Board to achieve the corporate objectives;
- Accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group;
- Monitoring performance results against the business plan; and
- Ensuring compliance with governmental procedures and regulations.

4.7 Senior Independent Director

The Board shall appoint a senior Independent Director whose role is to act as:

- A sounding board for the Chairman;
- An intermediary for other Directors when necessary; and
- The point of contact for shareholders and other stakeholders.

4.8 Expectation of Individual Director

- Each individual Director must always act within any limitations imposed by the Board on its activities.
- Directors will use their best endeavours to attend Board meetings where each Director shall commit the time to attend at least 50% of all Board meetings and Board committees meetings where he is part of the Board committees in any applicable financial year with appropriate leave of absence notified to the respective Chairman of the Board or Board committees.
- Each Director is expected to participate fully and constructively in Board discussions and other activities to bring the benefit of their particular knowledge, skills and abilities to the Board.
- Each Director is expected to strictly observe confidentiality of the Company's information, and refrain from making improper use of information gained through his position as Director for his own interest, or his employer's interest, if applicable.
- Each Director shall commit to provide his relevant expertise advice in the best interest of the Company.

Each Director shall abide by the fiduciary and statutory duties and responsibilities of a Director as prescribed under Subdivision 3 of Division 2 of the Companies Act 2016 and Bursa Securities LR.

4.9 Management Limitations

- The MD is expected to act within all specific authorities delegated to him by the Board.
- The MD is expected not to cause or permit any practice, activity or decision that is contrary to generally accepted good business practice or professional ethics.

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- The MD is expected to take into consideration the Company goals in allocating the capital and resources of the Company.
- The MD is expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholder value.
- The MD is expected not to cause or permit any action that is likely to result in financial distress of the Company.
- The MD is expected to ensure the assets of the Company are adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets of funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors.
- The MD is expected not to permit the employees and any other parties working for the Company to be subject to treatment or conditions that are undignified, inequitable, unfair or unsafe.
- The MD is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the business and are proportional to the extent that the contribution in question has furthered such purposes.

5. Board Processes/Meetings

5.1 Frequency

The Board schedules at least four (4) meetings a year at quarterly intervals with additional meetings convened whenever urgent or important matters and decisions are required.

5.2 Agenda and Meeting Papers

The notice of Board meeting and the supporting board papers should be given at least five (5) days in advance at each Board meeting and all Directors are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

5.3 Minutes

All deliberations of the issues discussed and the decision thereof are minuted and signed by the Chairman of the subsequent meeting after confirmed by the Board.

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5.4 Access to Information and Independent Professional Advice

The Board shall be supplied with appropriate and timely information to enable it to discharge its duties. The board papers are to be comprehensive and include all necessary information so that informed decisions could be made. The Board may also request for additional information whenever it deems necessary or appropriate. Management is invited to the Board meetings to furnish clarification on certain issues.

All Directors have access to the professional advice and services of its qualified Company Secretaries in the course of discharging their duties and responsibilities on matters relating to procedures governing the Company which include the Companies Act 2016, Bursa Securities LR and other applicable laws, rules and regulations, either as a full Board or in their individual capacity.

The Directors may take independent professional advice, whenever necessary and in appropriate circumstances, either individually or collectively on any matter connecting with the discharge of their responsibilities at the expense of the Company.

5.5 Induction Process

The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of the Directors. This will enable the Directors to discharge their duties and responsibilities effectively.

6. Board Governance

6.1 Conflict of Interest – Directors' Shareholdings

All Directors, whether directly or indirectly which include spouse or other family members, have interest in a contract or proposed contract with the Company, shall declare his/her interest in accordance with the provision of the Companies Act 2016 and Bursa Securities LR. The Director concerned shall not participate in deliberations and shall abstain himself/herself from voting in any matters arising thereof.

6.2 Compliance to Rules and Regulations

The Board understands that the responsibility for good corporate governance rests with them and therefore strives to follow the principles and recommendations stated in MCCG. The Board includes a narrative statement in its Company's annual report on the extent of compliance with the principles and recommendations of MCCG pursuant to Bursa Securities LR.

7. Board Committees

All committees have terms of reference which have been approved by the Board.

The Board can establish other committees on an ad hoc basis as and when required.

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7.1 Audit Committee

The Audit Committee of the Company shall consist of not fewer than three (3) Independent Directors which is in line with the MCGG and Bursa Securities LR whereby the Audit Committee shall consist exclusively of Non-Executive Directors, with a majority of them being Independent Directors.

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must fulfilled the conditions as set out under Paragraph 15.09(1)(c) of Bursa Securities LR.

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

The principal objectives of the Audit Committee is to assist the Board in discharging its statutory duties and responsibilities relating to the overseeing of the accounting and financial reporting practices of the Group.

7.2 Nomination Committee

The Nomination Committee shall consist exclusively of Non-Executive Directors, with a majority of them being Independent Directors.

The principal objective of the Nomination Committee is to assist the Board in their responsibilities in nominating new nominees to the Board and Board committees.

7.3 Remuneration Committee

The Remuneration Committee shall consist exclusively of Non-Executive Directors, with a majority of them being Independent Directors.

The primary objective of the Remuneration Committee is to assist the Board in their responsibilities in relation to the remuneration packages for the Executive Directors (including MD) and key senior management personnel

7.4 Risk Management Committee

The Risk Management Committee is responsible for overseeing the risk management matters relating to the activities of the Group. It assists the Board to fulfil its responsibilities with regard to risk management in order to manage the overall risk exposure of the Group.

The Risk Management Committee is also responsible for overseeing the compliance function and monitoring the overall compliance of the Group.

8. Directors' Training

In addition to the Mandatory Accreditation Programme as required by Bursa Securities LR, the Directors shall continue to undertake relevant training courses to keep abreast with

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development in the capital market, relevant changes in laws and regulations and on corporate governance matters to enhance their existing skills and knowledge in the discharge of their responsibilities.

The Board shall disclose in the annual report the trainings attended by the Directors.

9. Directors' Remuneration

The Remuneration Committee is responsible for recommending to the Board the remuneration framework and packages of all Executive Directors. The Directors concern shall abstain from deliberations and voting on their own remuneration.

The performance of Directors is measured by the Directors' contribution to both the Board and the Company.

The Executive Directors' remuneration is structured according to the skills, experience, responsibilities and performance of the Executive Directors as well as incorporating any market adjustment requirement.

10. Company Secretaries

The Company Secretaries' primary role is to advise the Board and its committees on issues relating to compliance with Bursa Securities LR, laws, rules, procedures and regulations affecting the Company and the Group.

The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

11. Board-Shareholders Relationship - Communication / Investors Relations / AGM

The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the general public.

The Board to ensure that the AGM of the Company is conducted in an efficient manner and serves as a crucial mechanism in shareholders' communications which include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM.

12. Code of Ethics and Conduct

The Directors are expected to conduct themselves with the highest ethical standards. All Directors are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company. The following practices are observed as adherence to the code of conduct:

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- At all times exercise his power for the purposes they were conferred, for the benefit and productivity of the Group;
- Avoid any conflict of interest and to disclose immediately all contractual interests, whether directly or indirectly within the Group;
- Ensure adequate safety measures and provide proper protection to workers and employees at workplaces; and
- Be aware of the Company's policy on whistleblowing.

13. Stakeholders Relationship

13.1 External Auditors and Internal Auditors

The Board, through the Audit Committee, maintains a formal and transparent relationship with its external auditors and internal auditors in seeking their professional advices.

The Audit Committee also meets with the external auditors without the presence of the Executive Board members and Management twice a year regarding audit planning and other relevant audit and accounting issues.

13.2 CSR

The Board acknowledges that the Company should play an important role in contributing towards the welfare of the community in which it operates. In the performance of duties of CSR, the Board shall at all times observe the following:-

- To ensure the effective use of natural resources and improve quality of life;
- Be more proactive to the needs of the community and to assist in society-related programmes, supports charitable causes and initiatives on community development projects; and
- To ensure adequate safety measures and proper protection to workers and employees at the workplace.

13.3 Shareholders

The Board recognises the importance of effective communication with shareholders, investors and the public in general. In this respect, the Board keeps shareholders, investors and the public informed through announcements, releases of quarterly financial results, annual reports, circulars and general meetings. A shareholders' communication policy has been implemented to handle the process of dealing with and responding to queries from its shareholders.

The AGM is the principal forum for communication with shareholders. The notices of the AGM and annual reports are sent out to shareholders at least twenty-eight (28) days before the AGM.

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14. Review of Board Charter

The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time to ensure that new laws, regulations, Bursa Securities LR or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account.