

CYL CORPORATION BERHAD (516143 V)
(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors of CYL Corporation Berhad (the “Board”) is responsible in ensuring that CYL Corporation Berhad (the “Company”) and its subsidiary (the “Group”) are well managed at all times. The Board takes full responsibility for the overall direction and performance of the Group. In this regard, the Board Charter shall constitute and form an integral part of each Director’s duties and responsibilities.

2. PURPOSE

The purpose of the Board Charter is to ensure that all Board members are aware of their duties and responsibilities as Board members.

The Board Charter would act as a source reference and primary induction literature to provide insights to existing and prospective members of the Board.

3. THE BOARD

3.1 Composition and Appointment of the Board

The Board consists of qualified individuals with diverse professional background, skills, extensive experience and knowledge necessary to govern the Company.

The appointment of a new Director is a matter for consideration and decision by the Board, upon the recommendation of the Nomination Committee. The Nomination Committee shall develop, maintain and review the criteria for recruitment process and annual assessment of directors. The Nomination Committee will assess and recommend candidates to board and board committees based on their experience, character, suitability, competence and integrity before recommending their appointment to the Board for approval.

The evaluation of the suitability of candidates is based on merit, experience, qualification, character, time commitment and integrity. The Board strives to ensure that there is no discrimination on the basis of race, age, ethnicity, gender, nationality, political affiliation, religious affiliation, marital status, education physical ability or geographic region when deciding on the composition of the Board.

In accordance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company must ensure that at least two (2) or one third (1/3) of the Board, whichever is the higher, are Independent Directors. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.

The composition and size of the Board shall be reviewed from time to time to ensure its effectiveness.

The Company expects the Directors to give their time commitment in carrying out their duties and responsibilities as Director. This includes at least 50% attendance at the Board meetings held in each financial year. Directors are also required to attend regular meetings of any Board Committee of which they are a member of. In addition, they would be expected to devote appropriate preparation time ahead of each meeting.

3.2 Tenure of the Directors

The Constitution of the Company provide that every newly appointed Director be subjected to re-election at the Company’s next Annual General Meeting (“AGM”) subsequent to their appointment. Further, one third of the Board shall retire from office and be eligible for re-election at every AGM. All Directors are subject to retirement by rotation and re-election by shareholder at least once in every three (3) years.

The Independent Directors whose tenure exceeds a cumulative term of nine (9) years may continue to serve on the Board subject to the Director’s re-designation as a Non-Independent Director. The Board shall justify and seek shareholders’ approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board shall seek annual shareholders’ approval through a two-tier voting process – Tier 1: large shareholders and Tier 2: other shareholders, in accordance with the Malaysian Code on Corporate Governance.

3.3 External Board Appointment

Any Director, whilst holding office, is at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Company and Group and does not detrimentally affect the Director’s performance as a Board member. The Director shall notify the Chairman when

accepting any new directorships. The notification should include an indication of time that will be spent on the new appointment.

3.4 Duties and Responsibilities of the Board

The Board assumes the following duties and responsibilities:

- (a) Reviewing and adopting a strategic plan for the Group;
- (b) Reviewing the Group's annual budget and evaluating its level of appropriateness given the assumptions and prevailing economic conditions;
- (c) Reviewing and approving the Capital Expenditure Budget for each financial year;
- (d) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed by having at least four (4) meetings during the year;
- (e) Identifying principal risks and ensure the implementation of appropriate systems to manage those risks, if any;
- (f) Succession planning;
- (g) Establishing and ensuring the effective functioning of the various board committees;
- (h) Developing and implementing a shareholder communications policy for the Company; and
- (i) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

3.5 Matters reserved for the Board

Other than those statutorily and regulatory required and the powers accorded under the Articles of Association, the following are matters reserved for Board deliberation and decision which are non-exhaustive and may be varied from time to time:-

- (a) delegation of certain functions to Board Committees;
- (b) receiving reports and recommendations from Board Committees;
- (c) approving strategic business plans, mergers, acquisitions of a substantial value and corporate exercise;

- (d) major investment or divestment of current businesses;
- (e) changes to the Group structure; and
- (f) provision of indemnities or corporate guarantees.

3.6 Directors' Training

In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable the Directors to effectively discharge their duties and maintain active participation in the Board deliberations.

Additionally, the Board is regularly updated by the Company Secretary on new statutory, corporate and regulatory developments relating to the Directors' duties and responsibilities.

3.7 Board Evaluation and Performance

The Nomination Committee shall assist the Board in carrying out an annual evaluation to determine the effectiveness of the Board, the Board committees and each individual Director.

3.8 Directors' Remuneration

The Remuneration Committee is responsible for recommending to the Board on the remuneration framework and packages of Directors and Senior Management. The Directors 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 and performance of the Executive Directors.

In the case of Non-Executive Directors, the determination of their remuneration is a matter for the Board as a whole and the level of remuneration reflects the experience and level of responsibility undertaken by the particular Non-Executive Director.

3.9 Share dealings by Board Members

Board members are allowed to hold shares in the Company as this would increase the focus of Board members on the Company's performance and share value and in turn, enhance shareholders' value.

When buying or selling shares, Board members must strictly observe the provisions of the Company's Articles of Association, relevant legislative or regulatory procedures and any other procedural recommendations that may be prescribed by the Board from time to time.

4. ROLES OF THE CHAIRMAN, MANAGING DIRECTOR, INDIVIDUAL DIRECTORS, INDEPENDENT NON-EXECUTIVE DIRECTORS AND SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

4.1 The Chairman

The Board ensures that its Chairman is a non-executive member of the Board.

There is a clear division of responsibilities between the Chairman and Managing Director (“MD”) of the Company to ensure a balance of power and authority. The Chairman’s responsibility is to ensure the effectiveness of the Board while the MD is responsible for overall operations and effective implementation of the Board’s decisions and policies.

The responsibilities of the Chairman, amongst others, are as follows:-

- (a) lead the Board in setting its values, ethical standards and instilling good corporate governance practices;
- (b) represent the Board to the shareholders and indirectly to the general public for Company’s performance;
- (c) ensure the efficient organisation and conduct of the Board’s function and meetings;
- (d) ensure the content and order of the agenda are appropriate and that the members of the Board have the relevant papers in good time. The Chairman must also ensure that the Board members are properly briefed on issues arising at Board meetings;
- (e) promote constructive and respectful relations between Directors, and between the Board and Management; and
- (f) ensure effective communication with shareholders and relevant stakeholders.

The Chairman should allow every board resolution to be voted on and ensure the will of the majority prevails. In determining policy matters, the Chairman should ensure that the following are carried out:

- (i) all Directors are properly briefed on issues arising at Board meetings; and
- (ii) there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arrange informal meetings beforehand for thorough preparation.

4.2 Managing Director

The responsibilities of the MD, amongst others, are as follows:-

- (a) develop and implement corporate strategies for the Group;
- (b) supervise and control the general management and operation of the Company;
- (c) ensure the efficiency and effectiveness of the operation for the Group;
- (d) assess the principal risks of the Group and to ensure that these risks are being monitored and managed;
- (e) ensure effective internal controls and management information systems are in place;
- (f) act as a liaison between Management and the Board;
- (g) communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
- (h) ensure that the Board is properly informed and that sufficient information is provided to enable the Board to form appropriate judgment;
- (i) assess business opportunities which are of potential benefit to the Group; and
- (j) to bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

4.3 Individual Directors

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:

- (a) acting in good faith and in the best interest of the Company as a whole;
- (b) acting with due care and diligence;
- (c) avoiding conflict of interest wherever possible; and
- (d) refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director.

Directors are also expected to keep themselves abreast of changes and trends in the business and in the Group's business environment and markets and changes and trends in the economic, political, social, legal and regulatory climate that could affect the business of the Group.

4.4 Independent Non-Executive Directors

The Independent Non-Executive Directors shall provide independent judgment and objectivity without being subordinated to operational considerations. The Independent Non-Executive Directors help to ensure that the interests of all shareholders, not only the interests of a particular group, and all relevant matters and issues are objectively and impartially considered by the Board.

The roles of an Independent Non-Executive Director, amongst others, are as follows:-

- (a) provide independent judgement on issues relating to strategy, performance, resource allocation and standards of conducts;
- (b) participate actively in meetings, giving independent views in a constructive manner and bringing an element of objectivity to the Board's decision making;
- (c) provide a check and balance to the Board.

4.5 Senior Independent Non-Executive Director

The roles and responsibilities of the Senior Independent Non-Executive Director include the following:-

- (a) ensure all Independent Non-Executive Directors have an opportunity to provide input on the agenda;
- (b) advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Non-Executive Directors to perform their duties effectively;

- (c) consult the Chairman regarding Board meeting schedules to ensure the Independent Non-Executive Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- (d) serve as the principal conduit between Independent Non-Executive Directors and the Chairman on sensitive issues; and
- (e) serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or Executive Directors.

5. BOARD COMMITTEES

The Board may from time to time establish Committees as is considered appropriate to assist the Board in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its duties and responsibilities:

- (a) Audit Committee;
- (b) Nomination Committee; and
- (c) Remuneration Committee.

The Committees shall operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings.

6. FINANCIAL REPORTING

In presenting the financial performance during quarterly reporting and at the end of the financial year, the Board aims to present a balanced and understandable assessment of the Group's position and prospects.

The Board shall ensure that the financial statements are prepared in accordance with the approved accounting standards and the Companies Act 2016, so as to give a true and fair view of the state of affairs of the Company and the Group.

7. MANAGEMENT OF RISKS

The Board regards risk management as an integral part of the business operation and considers good risk management a key factor in the development of corporate strategies and investment decisions. The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed – internally and externally.

The Board must appreciate the business risks and key performance indicators affecting the ability of the Company to achieve its strategic goals and objectives.

8. COMPANY SECRETARY

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

The Company Secretary shall advise Directors of their obligations to adhere to matters relating to:

- (a) disclosure of interest in securities;
- (b) compliance of listing and related statutory obligations;
- (c) prohibition on dealing in securities; and
- (d) governance issues.

9. BOARD MEETINGS

The Board shall conduct at least four (4) scheduled meetings annually, with additional meetings to be convened as and when necessary.

The Board is supplied with full and timely information such as agenda of the meeting and all Board Papers. Except in the case of emergency, notice of board meetings and meeting materials should be distributed at least five (5) business days in advance of the meetings to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise to enable it to discharge its responsibilities.

During these meetings, the Board reviews the Group's financial performance, business operations, reports of the various Board Committees and the results are deliberated and considered.

10. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board shall place great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analysts and the public.

The ways of communication to shareholders and investors, amongst others, are as follows:

- (a) the general meetings of the Company;
- (b) timely announcements and disclosures made to Bursa Securities, which includes release of financial results on quarterly basis, awards of material contracts, changes in the composition of the Group and any other material information that may affect the decisions of shareholders and investors; and
- (c) press conference and/or press release to the media which is normally held after each AGM;

Concerns or queries in relation to the Company may be conveyed by shareholders or stakeholders to the Senior Independent Non-Executive Director.

The Board shall also implement a corporate disclosure policy which would apply to the Company and the Group. The objective of the Company's Corporate Disclosure Policy is to have in place an efficient procedure for management of information which promotes accountability for the disclosure and dissemination of material information to the investing public and in turn build good investor relations with the investing public. The Policy is made available for reference in the Company's website at <http://www.cylcorporation.com>.

11. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Directors, collectively or individually, have unrestricted access to the advice of the Company Secretary and senior management and may also seek independent professional advice and information in the furtherance of their duties and responsibilities at the Company's expense, so as to ensure that the Directors are able to make independent and informed decisions.

Fees for independent professional advice shall be payable by the Company subject to the following:-

- (a) first, discuss with the Chairman;
- (b) provide a written notice to the Company Secretary of his intention to seek independent advice with brief summary of the subject matter; and
- (c) the Board shall be notified and approval be obtained prior to the engagement of the professional advisors.

Independent advice sought shall exclude those of personal interests relating to the Director's personal disputes in matters that are not related to or affect the Board or the Company as a whole.

12. CODE OF ETHICS AND CONDUCT

The Board shall formalise ethical standards through codes of ethics and conduct and ensure the implementation of appropriate internal systems to support, promote and ensure its compliance. A key role of the Board is to establish a corporate culture which engenders ethical conduct that permeates throughout the Group. The Board should periodically review the code of conduct which is to be observed by all Directors. The Code is made available for reference in the Company's website at <http://www.cylcorporation.com>.

13. SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Board recognises the need for strategies and plans to promote and contribute towards sustainable development, with particular focus on the environmental, social and governance aspects of the business.

The Company shall constantly strive to maintain a safe and conducive work environment for its employees and adopts documented policies and procedures as part of its commitment towards Quality, Health, Safety and Environment.

14. REVIEW OF THE BOARD CHARTER

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

This Board Charter was last reviewed on 21 May 2018.

The Board Charter is made available for reference in the Company's website at <http://www.cylcorporation.com>.