

# TECHFAST HOLDINGS BERHAD (647820-D)

## BOARD CHARTER

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### 1. Purpose of the Charter

- 1.1. The Board of Directors of Techfast Holdings Berhad (“the Board”) is fully committed to maintaining a high standard of corporate governance throughout the Techfast Group for long-term sustainable business growth and the protection and enhancement of shareholder’s value.
- 1.2. This Charter sets out the standard and principles governing the Board processes and outlines the roles, functions and responsibilities of the Board in accordance with the authority conferred by the Memorandum and Articles of Association of the Company along with the provisions of the Companies Act, Bursa Securities ACE Market Listing Requirements (“Listing Requirements”) and the principles set out in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”).
- 1.3. This Charter was adopted by the Board on 23 February 2017. The Board shall review and enhance the Board Charter from time to time as it deems appropriate.

### 2. Responsibilities of the Board

- 2.1. The Board is led by the Executive Chairman and is supported by the Board members with experience in a wide range of expertise an they collectively play an important role in the stewardship of the Group.
- 2.2. The Board is primarily responsible for setting the strategic direction and the control systems of the Group. It then delegates the implementation and monitoring of these set directions and controls systems to the Management.
- 2.3. The responsibilities of the Board include the following:
  - a) Formulate, review, evaluate, adopt and approve the strategic plans and policies for the Company and the Group;
  - b) Oversee and monitor the conduct of businesses and financial performance and major capital commitments of the Company and the Group;
  - c) Review and adopt financial results of the Company and the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure;
  - d) Formulate, review and approve major corporate proposals such as business acquisitions, new business ventures or joint ventures of the Group;

- e) Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;
- f) Establish and oversee human resource planning for the Company and the Group including the remuneration and compensation policy thereof;
- g) Review and determine the adequacy and integrity of the internal control systems and management information of the Company and of the Group;
- h) Deliberate on proposals presented and recommended, including those proposed by its committees; and
- i) Formulate, review and approve policies relating to the Company such as any branding and investor relations and shareholder communication initiatives.

### **3. Matters Reserved for the Board**

- 3.1. There is a schedule of matters reserved specifically for the Board's decision and approval which includes:
- annual business plans and budgets;
  - strategic plans;
  - material acquisitions and disposals of assets not in the ordinary course of business;
  - investments in projects requiring major capital investment;
  - financial results and financial statements;
  - dividend recommendations;
  - changes to the composition of the Board and Board Committees;
  - appointment of external auditors and their fees; and
  - banking facilities.

### **4. Composition of the Board**

- 4.1. The Company's Articles of Association provides for a minimum of two (2) and a maximum of twelve (12) directors<sup>1</sup>. The Board is currently comprised of one (1) Executive Chairman, one (1) Group Managing Director and three (3) Independent Non-Executive Directors.
- 4.2. The Board complies with paragraph 15.02 of Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market which states that at least two (2) directors or one-third (1/3) of the board of directors of a listed company must be independent directors.

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<sup>1</sup> Article 72 of the Articles of Association

## **5. Independence**

- 5.1. Where the Chairman of the Board is not an Independent Non-Executive Director, the Board must comprise a majority of Independent Non-Executive Directors to ensure the balance of powers, authority and independence of the Board.
- 5.2. The tenure of an Independent Non-Executive Director, unless approved by the shareholders for such further period, shall not exceed a cumulative term of nine (9) years.
- 5.3. Upon exceeding the tenure nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director or upon approval being obtained from the shareholders to retain him/her as an Independent Non-Executive Director.
- 5.4. A candidate for appointment as an Independent Non-Executive Director must first provide to the Nomination Committee a declaration and confirmation on his/her independence for the Nomination Committee members' consideration in his/her appointment.

## **6. Segregation of Roles**

- 6.1. **Executive Directors**  
The Executive Directors have the responsibility of making and implementing operational decisions, running Techfast Group's business and supporting the Group Managing Director's role in ensuring the effective management of the Techfast Group's day to day operations.
- 6.2. **Non-Executive Directors**  
The Non-Executive Directors ensure that business and investment proposals presented by management are fully deliberated and examined. They perform a key role by providing unbiased and independent views, advice and judgment, which take into account the interests of the Techfast Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole.
- 6.3. **Senior Independent Non-Executive Director**  
The Senior Independent Non-Executive Director serves as a designated contact to whom concerns pertaining to the Techfast Group may be conveyed by shareholders and other stakeholders. The identity and contact of the Senior Independent Non-Executive Director shall be disclosed in the annual report of the Company.

## **7. Appointment and Re-Appointment to the Board**

- 7.1. The Nomination Committee is empowered to identify and recommend new appointments of Executive and Non-Executive Directors to the Board and Board Committees. In discharging this duty, the Nomination Committee will assess the suitability of an individual to be appointed to the Board and Board Committees by taking into account the individual's skills, knowledge, expertise and experience, professionalism and integrity.
- 7.2. In accordance with the Articles of Association, all Directors who are appointed by the Board shall retire from office at least once every three (3) years but shall be eligible for re-election at the next Annual General Meeting ("AGM"). The Directors to retire in each year are those who have been longest in office since their last election or appointment<sup>2</sup>.
- 7.3. The Directors shall have powers at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but the total number of Directors shall not at any time exceed the maximum number fixed by the Articles of Association. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting<sup>3</sup>.
- 7.4. A Director must not hold more than five (5) directorships in listed issuers<sup>4</sup>.

## **8. Board Meetings**

- 8.1. Board meetings are tentatively scheduled in advance at the end of the prior calendar year to enable the Board members to plan their schedules accordingly. The actual meeting date is still subject to confirmation with Directors when it is closer to the date to allow for any unexpected engagements that may take priority.
- 8.2. A minimum of four (4) meetings a year shall be planned and additional meetings will be called at any time, as and when required.
- 8.3. The notice containing the agenda of the meeting shall be circulated by the Company Secretary to every member of the Board prior to the meeting.
- 8.4. All Board meetings shall be chaired by Chairman of the Board. Where the Chairman is absent, the Directors present shall elect one (1) of their members to be the Chairman of the meeting.
- 8.5. The quorum for each meeting shall be at least two (2) Directors<sup>5</sup>.
- 8.6. In the absence of a meeting, issues shall be resolved by way of circular resolutions, signed by majority of directors present in Malaysia.

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<sup>2</sup> Article 75, 76 of the Articles of Association

<sup>3</sup> Article 81 of the Articles of Association

<sup>4</sup> Paragraph 15.06(a) of the Listing Requirements

<sup>5</sup> Article 97 of the Articles of Association

- 8.7. The head of finance, internal audit and any other relevant departments are responsible to gather and supply the requisite copies of reports containing all necessary and essential information for the purpose of the meeting for the compilation and circulation by the Company Secretary prior to the meeting.
- 8.8. The appropriate key senior management personnel of the Company or its subsidiaries shall attend such meeting based on invitation basis where their presence is considered appropriate as determined by the Chairman or the Executive Directors.
- 8.9. Minutes of all proceedings of the Board meetings signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting shall be evidence of the proceedings to which it relates.
- 8.10. Where a potential conflict of interest arises, the Director concerned shall declare his or her interest and abstain from the decision making process.

## **9. Board Committees**

- 9.1. The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities.
- 9.2. The respective Committees report to the Board on matters discussed and deliberated and makes recommendations to the Board for final decision. There are now three (3) Board Committees, namely, Audit Committee, Nomination Committee and Remuneration Committee.
- 9.3. **Audit Committee**  
The Audit Committee assists the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.
- 9.4. **Nomination Committee**  
The Nomination Committee assists the Board in proposing new nominees for the Board and Board Committees, orienting new directors, identifying and reviewing the desired mix of skills, experience, qualifications and other core competencies and assessing the Directors on an ongoing basis.
- 9.5. **Remuneration Committee**  
The Remuneration Committee assists the Board in ensuring that the Executive Directors and key senior managerial staff of the Techfast Group (“the Group”) are fairly rewarded for their individual contributions to the Group’s overall performance and that the levels of remuneration package are sufficient to attract, retain and motivate the Executive Directors and key senior management staff needed to manage the business of the Group successfully.

## **10. Directors' Training and Development**

- 10.1. In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Directors are encouraged to attend various training programmes conducted by competent professionals and which are relevant to the Company's operations and business.
- 10.2. The Company will, on an on-going basis, make available to the Directors, at the Company's cost, professionally conducted programs to ensure Directors are acquainted with the latest development to equip themselves with the relevant knowledge and ideas to discharge their duties and sustain active participation during Board deliberations.
- 10.3. The Directors are required to disclose the trainings they have attended during a financial year in the Company's Annual Report<sup>6</sup>.

## **11. Access to Information and Advice**

- 11.1. The Directors (Executive and Non-Executive) shall have the same unrestricted right of access to all information relating to the business, operations and governance of the Techfast Group in a timely manner whether as a full Board or in their individual capacity, in furtherance of their duties.
- 11.2. All Directors may collectively or individually seek external or independent professional advice and/or assistance from relevant experts in furtherance of their duties and at the Company's expense.

## **12. Directors' Code of Ethics**

- 12.1. The Board had adopted the Code of Ethics for Company Directors by the Companies Commission of Malaysia. In performance of his duties, a director should at all times observe the following codes:
  - 12.1.1 Should have a clear understanding of the aims and purpose, capabilities and capacity of the company;
  - 12.1.2 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;
  - 12.1.3 Should ensure at all times that the company is properly managed and effectively controlled;
  - 12.1.4 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;

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<sup>6</sup> Paragraph 15.08(3) of the Listing Requirements

- 12.1.5 Should insist on being kept informed on all matters of importance to the company in order to be effective in corporate management;
- 12.1.6 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;
- 12.1.7 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;
- 12.1.8 Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the company;
- 12.1.9 Should disclose immediately all contractual interests whether directly or indirectly with the company;
- 12.1.10 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;
- 12.1.11 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;
- 12.1.12 Should be willing to exercise independent judgement and, if necessary, openly oppose if the vital interest of the company is at stake;
- 12.1.13 Should be conscious of the interest of shareholders, employees, creditors and customers of the company;
- 12.1.14 Should at all times promote professionalism and improve the competency of management and employees;
- 12.1.15 Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace;
- 12.1.16 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 maybe;
- 12.1.17 Should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;

- 12.1.18 Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
- 12.1.19 Should be proactive to the needs of the community and to assist in society-related programmes in line with the aspirations of the concept of 'Caring Society' in Vision 2020; and
- 12.1.20 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

### **13 Whistle Blower Policy**

- 13.1 Group's Whistle Blower Policy was adopted by the Board on 23 February 2017. The Policy is aimed at protecting the integrity, transparency, impartiality and accountability where the Techfast Group of Companies conducts its business operations. The Whistle Blower Policy provides a structured reporting channel and guidance to all employees and external parties to whistleblow without the fear of victimisation.