



## **HCK CAPITAL GROUP BERHAD (484964-H)**

### **BOARD CHARTER**

#### **1. INTRODUCTION**

The Board of Directors (“the Board”) has overall responsibility for corporate governance, strategic direction and overseeing investment of the Group and of the Company. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

#### **2. PURPOSE**

This Board Charter sets out the Board’s role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board.

This Board Charter would act as a source reference and primary induction literature, providing insights to prospective Board members and senior management. It will also assist the Board in the assessment of its own performance and that of individual Directors.

#### **3. AUTHORITY AND POWERS**

The Board (consisting of the Executive Directors and Non-Executive Directors) derives its authority and power to act from the Company’s Memorandum and Articles of Association (“M&A”) and the laws and regulations governing companies in Malaysia.

#### **4. ROLE AND RESPONSIBILITIES OF THE BOARD**

##### **4.1 Role**

The primary role of the Board is to provide effective governance over the Group's affairs to ensure that the interests of shareholders are protected and the confidence of the investment market is maintained whilst having regard for the interests of all stakeholders including customers, employees, suppliers and local communities. The

Board guides and monitors the businesses and affairs of the Company and its subsidiaries on behalf of the shareholders by whom they are elected and to whom they are accountable.

## 4.2 Responsibilities

The Board is responsible for leading and managing the Company and the Group in an effective and responsible manner. The Board's key responsibilities are to:-

- oversee the overall strategic plan and performance of the Group's business and develop initiatives for profit and asset growth;
- oversee, evaluate and monitor the conduct of business of the Company and the Group and their corporate strategies;
- approve and monitor financial and other reporting as required;
- identify business risks and ensure that the appropriate risk management framework, internal control systems, code of conduct and compliance frameworks are in place and operating effectively and efficiently;
- approve and monitor the progress of major capital expenditure, capital management and acquisitions and divestments;
- ensure that appropriate corporate governance and the adequacy and integrity of the management information and internal control systems are established and maintained;
- select, appoint and evaluate the performance of, determine the remuneration of, plan for the successor of and, where appropriate, removal of senior executives;
- establish a succession plan;
- ensure that the Board continues to have the blend of skills, experience and attributes appropriate for the Company and its business, and to this end ensure, that appropriate Directors are selected and appointed as required;
- monitor the performance of the Company's management and ensure appropriate resources are available to the management; and
- develop and implement an effective communication channel between the Board, shareholders and general public.

## 4.3 Matters reserved for the Board

4.3.1 The following are matters which are specifically reserved for the Board:-

- (a) approval of corporate plans and programmes;
- (b) approval of annual and quarterly results;
- (c) approval of material contracts or agreements;
- (d) approval of annual budgets, including major capital commitments;
- (e) approval of new ventures;
- (f) approval of material acquisitions and disposals of undertaking and properties;
- (g) changes to the management and control structure within the Group, including key policies, delegated authority limits; and
- (h) major decision affecting business operations and performance of the Group.

## 4.4 Role and responsibilities of Chairman and Chief Executive Officer (“CEO”)

4.4.1 The principal role of the Chairman is to provide leadership at Board level represents the Board to the shareholders and is responsible for ensuring the integrity and effectiveness of the Board and its committees.

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

- to act as a liaison between management and the Board;
- to provide independent advice and counsel to the CEO;
- to keep abreast generally of the activities of the Company and its management;
- to ensure that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
- chairing the Board and Shareholders' meetings;
- to review and sign minutes of Board's and Shareholders' meetings;
- to call special meetings of the Board where appropriate; and
- to assess and make recommendations to the Board annually regarding the effectiveness of the Board as a whole, the Committees of the Board and individual Directors.

4.4.3 The principle role of CEO is for the day-to-day management of the business and implementation of the Board's policies and decisions. The CEO provides executive leadership and is accountable to the Board for the implementation of the strategies, objectives and decisions of the Board within the framework of the delegated authorities, values and policies of the Company.

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

- to ensure the efficiency and effectiveness of the operation for the Group;
- to develop and implement corporate strategies and performance targets for the Group;
- to ensure the Board decisions and policies set by the Board are implemented effectively;
- to review, evaluate and approve the overall corporate organisational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- to assess business opportunities which are potential benefit to the Group; and
- to bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

## 5. DELEGATION OF AUTHORITY

### 5.1 Board Committees

The Board delegated certain functions to the following Committees that it has established to assist in the execution of its responsibilities of the Group. The Board may establish other Committees from time to time to consider matters of special importance.

- (a) Audit Committee;
- (b) Nominating Committee; and
- (b) Remuneration Committee

Each Committee shall operate under clearly defined terms of reference. The Committees are authorized by the Board to deal with and deliberate on matters delegated to them within the terms of reference. The term of reference set forth the purpose, authority, responsibilities, membership and operations of the Committees.

## 6. MEMBERSHIP

### 6.1 Composition and Balance

The size of the Board is determined in accordance with the Company's M & A. The Company's M & A provides for a minimum of two (2) directors and a maximum of twelve (12) directors. At any one time, at least two or 1/3, whichever is higher, of the Board members are Independent Directors.

The Board is made up of members with wide range of required mix of skills, experience and diversity backgrounds.

The senior management, led by the Executive Chairman and guided by the approved strategic plans of the Company, shall develop the operation plans, puts such plans into actions, measures the actual results of its execution, analyses its actual performance against planned performance, implements corrective actions; among other duties and responsibilities.

The Independent Non-Executive Directors help to align objectives and provide independent judgment in the decision making of the Board, as well as to provide a capable check and balance for the Executive Chairman. They will be responsible for taking account of the interests of the Group and its shareholders, as well as the communities in which the Group conducts business and the public at large.

The Board shall comprise a majority of independent directors where the Chairman of the Board is not an independent director.

## 6.2 Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. The nine (9) years can either be a consecutive service of nine (9) years or a cumulative service of nine (9) years with intervals. Upon completion of the 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. In the event the Board retains the said Director who has served in that capacity for more than nine (9) years as an independent director, the Board must justify and seek shareholders' approval subject to the assessment of the Nominating Committee.

The Board shall appoint a Senior Independent Director who will attend to any query or concern raised by shareholders and who will be appointed as the Chairman of Nominating Committee.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

## 6.3 Appointments, Re-election and Re-appointment

### 6.3.1 Appointments to the Board

The Board appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board.

The appointment of any additional Director is made when necessary and upon the recommendation of the Nominating Committee. In the process of nominating and appointing new Directors, due consideration is given to the appointee's industry experience and mix of expertise for an effective Board.

The Nominating Committee will develop, maintain and review the criteria to be used in the selection process and annual assessment of the Board; and the Company Secretary will ensure that all the appointments are properly made, and that legal and regulatory requirements are complied with.

### 6.3.2 Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointment and one-third (1/3) of the Board, is subject to retirement by rotation at each Annual General Meeting. Each Director shall retire at least once every three (3) years but shall be eligible for re-election. The Directors to retire each year are those who have been longest in office since their last election or appointment. Directors who are of or over the age of seventy (70) years shall also retire from office and be eligible for re-appointment at the annual general meeting pursuant to Section 129(6) of the Companies Act, 1965.

#### 6.4 Reinforce Independence

The Board shall have policies and procedures to ensure effectiveness of Independent Directors. The Board shall undertake an assessment of its Independent Directors annually.

Independent Directors bring independent and objective judgment to the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties.

The existence of Independent Directors on the Board by itself does not ensure the exercise of independent and objective judgment as independent judgment can be compromised by, amongst others, familiarity or close relationship with other Board members. Therefore, it is important for the Board to undertake an annual assessment of the independence of its Independent Directors.

When assessing independence, the Board should focus beyond the Independent Director's background, economic and family relationships and consider whether the Independent Director can continue to bring independent and objective judgment to board deliberations. The Nominating Committee should develop the criteria to assess independence. The Board should apply these criteria upon admission, annually and when any new interest or relationship develops.

#### 6.5 New Directorship

All Board members shall notify the Board in accepting any new directorship in listed company.

### 7. BOARD PROCESS

Board meetings are held at least four (4) times a year at quarterly intervals, with additional meetings will convened when urgent and important decisions are needed to be made between the scheduled meetings.

A full agenda of the meeting and all Board papers, including complicated issues or specific matters, would be distributed at least seven (7) days in advance 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. Where necessary, the services of other senior management or external consultants will be arranged to brief and help the Directors clear any doubt or concern.

All proceedings from the Board meetings were minuted and signed by the Chairman of the meeting.

### 8. DIRECTORS' REMUNERATION

The policy on Directors' remuneration practiced by the Company is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality

required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

Fair remuneration is critical to attract, retain and motivate Directors. The remuneration package should be aligned with the business strategy and long term objectives of the Company. Remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Company's activities.

The Executive Directors' remuneration will depend on the performance of the Group and the achievement of the goals (including quantified organizational targets, Key Performance Index and/or personal achievement) set at the beginning of each financial year, upon finalization of the ensuing year's budget.

In the case of Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director.

## 9 DIRECTORS' INDUCTION AND CONTINUING EDUCATION

The newly appointed director will be given induction training by the management of the Company to familiarize themselves with their responsibilities as Directors. The Board shall devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills to effectively discharge their duties as directors.

The Board acknowledges that continuous education is vital and essential to keep them abreast with the latest development of the industry. As an integral part of their training programme, the Board is provided with regular updates and briefing to keep abreast with the relevant changes.

## 10. COMPANY SECRETARY

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group. The Board recognises the fact that the Company Secretary should be suitably qualified and competent of carrying out the duties as required by the post. The appointment and the removal of the Company Secretary are subject to the approval of the Board. The Company Secretary shall report directly to the Board.

The Company Secretary is responsible for ensuring that the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

All Directors, particularly the Chairman, have access to the advice and services of the Secretary for the purpose of the Board's affairs and the business.

## 11. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

## 12. CODE OF CONDUCT

The Code of Conduct of the Company shall be observed by all Directors and employees of the Group.

## 13. REVIEW OF THE BOARD CHARTER

The Board Charter has been adopted by the Board. The Board Charter shall be reviewed periodically to re-assess its adequacy to ensure it is 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 responsibilities. The Board Charter may be amended by resolution of the Board.

The Board Charter is made available for reference in the Company's website at [www.hckgroup.my](http://www.hckgroup.my).