

**MICROLINK SOLUTIONS BERHAD**  
(620782-P)

**BOARD CHARTER**

## **1.0 OBJECTIVES OF THE CHARTER**

### **1.1** The objective of the Charter is to:

- (a) broadly define the terms of reference of the Board of Directors (“the Board”) of Microlink Solutions Berhad (“MSB” and/or “the Company”). The terms of reference set out hereunder are premised on principles of good corporate governance in Malaysia;
- (b) provide a tool and/or guide to the Board for consistent application of its procedures; and
- (c) ensure awareness of good corporate governance (in accordance with the Malaysian Code of Corporate Governance and Listing Requirements of Bursa Malaysia Securities Berhad) and common law duties and responsibilities as stipulated in the Company’s Memorandum and Articles of Association, Companies Act, 1965 and other relevant acts and guidelines.

## **2.0 OBJECTIVES OF THE BOARD**

### **2.1** The objective of the Board is to essentially :

- (a) review, approve and contribute to the long-term strategy of the Company and subsidiaries by bringing onto the Board their experience and expertise;
- (b) monitor the management’s implementation of the strategy. In this respect, the Board should evaluate, identify and understand both the internal and external environments of the Company and its subsidiaries. In short, ensuring that the Company and its subsidiaries are properly run underpins their fundamental Board function;
- (c) lead and control the Company and subsidiaries whereby collective decision and/or close monitoring is conducted on issues relating to performance, resources, standards of conduct and financial matters;
- (d) monitor and be accountable for overall performance of the Company and its subsidiaries;
- (e) ensure proper discharge of the Board’s stewardship responsibilities; and
- (f) identify and retain Directors who are able to add value to the Board as well as to the Company.

## **3.0 COMPOSITION OF THE BOARD**

### **3.1** Until otherwise determined by a general meeting, the number of Directors of the Company shall not be less than two (2).

### **3.2** The Company shall be headed by an effective Board, which can both lead and control the business. The Board shall be made up of a combination of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) and

shall bring a broader view to the Company's activities under a Chairman who accepts the duties and responsibilities that the post entails. The Board shall also be capable of and perceived to exercise independent judgement.

**3.3** Non-Executive Directors shall be persons of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance and resources including key appointments and standards of conduct. To be effective, Independent Non-Executive Directors need to make up at least one-third of the membership of the Board or at least two Directors, whichever is higher. The number of Independent Non-Executive Directors shall be significant to ensure their views will carry significant weight in Board decisions.

**3.4** In circumstances, where the shareholder holds less than the majority but is still the largest shareholder, the Board shall exercise judgement in determining what is the appropriate number of Directors which fairly reflects the investment in the Company by the remaining holders of the shares.

#### **4.0 CHAIRMAN**

**4.1** The Board may elect a Chairman and may elect one or more Deputy Chairman and the Directors may determine the period for which such officers shall respectively hold office. The Chairman or the Deputy Chairman (if any), or in the event that there are more than one (1) Deputy Chairman, the senior in appointment among them, shall preside at all meetings of the Directors. If such officers have not been appointed, or if no such officer is present within ten (10) minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of such meeting.

#### **5.0 MANAGING DIRECTOR**

**5.1** The Board may from time to time appoint any one or more of their body to be the Managing Director or Managing Directors of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places. The period of appointment of the Managing Director shall be determined by the Directors and shall be re-appointed thereafter, and upon such terms as they think fit.

**5.2** A Managing Director shall, while he continues to hold that office, be subject to retirement by rotation, and he shall be taken into account in determining the rotation or retirement of Directors, he shall (subject to the provisions of any contract between him and the Company) be subject to the same provisions as to removal as the other Directors of the Company, and if he ceases to hold the office of a Director he shall, ipso facto and immediately, cease to be a Managing Director.

**5.3** A Managing Director shall at all times be subject to the control of the Board but subject thereto the Directors may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under the Company's Articles of Association by the Directors as they think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers

of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

## **6.0 APPOINTMENT OF A DIRECTOR**

- 6.1** No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless some shareholder intending to propose him has, at least eleven (11) clear days before the meeting left at the registered office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such shareholder to propose him for election, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election as a Director shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.
- 6.2** The Company may from time to time by ordinary resolution passed at a general meeting increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office.
- 6.3** The Directors shall have the power at any time, and from time to time, to appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Company's Articles of Association. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.
- 6.4** Any Director with the approval of a majority of the other Directors may at any time by writing under his hand and deposited at the Registered Office, appoint any person to act as his alternate Director and may in like manner at anytime terminate such appointment. An alternate shall not be taken into account in reckoning the minimum or maximum number of directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.

The appointment of an alternate Director shall ipso facto cease:

- (a) on the happening of any event which if he was a Director would render him legally disqualified from acting as a Director;
- (b) if he has a receiving order made against him or compounds with his creditors generally;
- (c) if he becomes of unsound mind; or
- (d) if his appointer ceases for any reason to be Director;

Provided that if any Director retires by rotation but is re-elected by the meeting or is pursuant to the provision of these presents deemed to be re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to the Articles of Association of the Company which was in force immediately prior to the

retirement shall continue to operate after such re-election as if he had not so retired. Every person acting as an alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be an agent of or for the Director appointing him.

All appointments and removals of alternate Director made by any Director in pursuance of the provisions of the Articles shall be in writing under the hand of the Director making the same and left at the Registered Office.

An alternate Director shall be entitled (subject to his giving to the Company an address within Malaysia at which notices may be served on him) to receive notice of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally in the absence of his appointer to perform all the functions of his appointer as a Director and an alternate Director may be repaid by the Company such expenses as might properly be repaid to him if he was a Director and he shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointer as such appointer may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company.

## **7.0 VACATION OF OFFICE OF A DIRECTOR**

**7.1** The office of a Director shall become vacant, if the Director :

- ceases to be a Director by virtue of the Companies Act, 1965;
- becomes prohibited from being a Director by reason of any order made under the Companies Act, 1965 or other legislation;
- becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his term of office;
- resigns from office by notice in writing to the Company;
- without the consent of the Company in general meeting holds any other office of profit under the Company except that of Managing Director or Manager;
- for more than six months is absent without permission of the Directors from meetings of the Directors held during that period; or
- becomes bankrupt or makes any arrangement or composition with its creditors generally.

## **8.0 RETIREMENT BY ROTATION AND ELIGIBILITY FOR RE-ELECTION**

**8.1** An election of Directors shall take place each year. At the first annual general meeting of the Company all the Directors shall retire from office and at the annual general meeting in every subsequent year one-third (1/3) of the Directors for the time being, or if the number is not three (3) or a multiple of three (3) then the number

nearest one-third shall retire from office. Notwithstanding anything contained herein all Directors, including the Managing Director, shall retire from office once at least in each three (3) years, but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.

- 8.2** The Director to retire in every year shall be those who have been longest in office since their last appointment or re-appointment, but as between persons who became Director on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 8.3** The Company at the meeting at which a Director so retires may fill the vacated office by electing a person thereto, and in default the retiring Director shall if offering himself for re-election and not being disqualified under the Companies Act, 1965 from holding office as a Director be deemed to have been re-elected, unless at that meeting it is expressly resolved not to fill the vacated office or unless a resolution for the re-election of that Director is put to the meeting and is lost.
- 8.4** The office of a Director shall become vacant at the conclusion of the annual general meeting commencing next after he or she attains the age of seventy (70) years or if he or she has attained the age of seventy (70) years before commencement of the Companies Act, 1965 at the conclusion of the annual general meeting commencing next after the commencement of the Companies Act, 1965. Where the office of a Director has become vacant by virtue of the above, no provision for automatic reappointment of retiring Directors in default of another appointment shall apply in relation to that Director. Notwithstanding the above, a Director over the age of seventy (70) years may by a resolution, passed by a majority of not less than three-fourths of the members of the Company at a general meeting, be reappointed as a Director of the Company to hold office until the next annual general meeting.

## **9.0 REMOVAL OF DIRECTORS**

- 9.1** The Company may by ordinary resolution remove any Director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.
- 9.2** Where a Director is removed from office, the Company must forward to Bursa Malaysia Securities Berhad a copy of written representations made by the Director in question at the same time as copies of such representations are sent to members of the Company under Section 128(3)(b) of the Companies Act, 1965, unless copies of such representations need not be sent out by reason of the circumstances specified in Section 128(4) of the Companies Act, 1965.

## **10.0 DUTIES AND RESPONSIBILITIES OF THE BOARD**

- 10.1** The role of the Board is to effectively represent and promote the interests of the shareholders with a view to adding long-term value to the Company's shares. The Board's responsibilities and duties include the following:
- Oversee the conduct of the Company's business and to evaluate whether the business is being properly managed. In this respect the Board must ensure that

there are objectives in place against which management's performance can be measured. The Board should also ensure that the Company is in compliance with its Memorandum and Articles of Association, Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act, 1965 and any other statutory and regulatory requirements relevant to the Company;

- Having regard to its role, the Board will direct and supervise the management in the business and affairs of the Company including, in particular :
  1. Ensuring that the Company's goals are clearly established and that strategies are in place for achieving them. This shall be documented in the form of the annual Business Plan, prepared by management and presented to the Board for their approval and endorsement; and
  2. Establishing policies for strengthening the performance of the Company including ensuring that the Management is proactively seeking to build the business through innovation, initiative, technology and development of new products;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks. The target is to achieve a proper balance between risks incurred and potential returns to shareholders;
- Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The Board must ensure that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance;
- Establish an internal audit function. Where an internal audit function does not exist, the Board should assess whether there are other means of obtaining sufficient assurance of regular review and/or appraisal of the effectiveness of the systems of internal controls within the Company. The Board should explain in summary the means that exist for obtaining such assurance of regular review and/or appraisal;
- Ensure succession planning, including appointing, training, fixing the compensation of and where appropriate replacing senior management;
- The Board may delegate any of their powers to committees consisting of such members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board. Where the Board appoints a committee, it should spell out the authority of the committee and in particular whether the committee has the authority to act on behalf of the Board or simply has the authority to examine a particular issue and report back to the Board with a recommendation. Pursuant to the above, the Board has established the following committees of the Board with specific terms of reference:
  - (a) A Nomination Committee composed exclusively of non-executive Directors, a majority of whom are independent, with the responsibility of proposing new nominees for the Board and for assessing Directors on an on-going basis. The actual decision as to who shall be nominated should be

the responsibility of the full Board after considering the recommendations of the Nomination Committee.

- (b) A Remuneration Committee, consisting wholly or mainly of non-executive Directors, to recommend to the Board the remuneration of Executive Directors in all its forms, drawing from outside advice as necessary. Executive Directors should play no part in decision on their own remuneration. Membership of the Remuneration Committee should appear in the Directors' Report. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.
- (c) An Audit and Risk Management Committee, consisting of at least three (3) directors, all of whom are non-executive Directors and a majority of whom are independent. The Chairman of the Audit and Risk Management Committee should be an Independent Non-Executive Director. At least one member of the Committee :
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he or she is not a member of the Malaysian Institute of Accountants, he or she must have at least three years working experience and:
    - (aa) must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
    - (bb) must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
  - (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The Audit and Risk Management Committee assists and supports the Board in ensuring the integrity of the Group's financial procedures, internal control systems, risk management activities and independence of the Group's external and internal auditors.

- (d) An Executive Committee ("EXCO") of the Board comprised three (3) members nominated by the Board with its objectives to manage generally the business and the day to day operations of the Group, including specifically to :
  - (i) implement the strategies and policies of the Group;
  - (ii) devise and ensure the achievement of the strategic intent for the Group and direct and monitor performance processes within the Group;



- (iii) evaluate and recommend to the Board any potential strategies / investment activities and policies which are not within the authority delegated to the EXCO; and
  - (iv) make decisions, or to establish the basis on which all decisions are taken, other than those matters specifically reserved for the Board or other Board Committees.
- (e) A Long Term Incentive Plan Committee comprised of at least three (3) members and a majority of whom are Non-Executive Directors. The Chairman of the Committee should not be an Executive Director. The Long Term Incentive Plan Committee is established to administer the employees share option scheme and the employees share grant plan comprising the restricted share plan and/or the performance share plan of the Company in accordance with the By-Laws of the Long Term Incentive Plan.
- Exercise an adequate degree of independence and have regular meetings to allow Directors to meet and exchange views. This gives the Board the opportunity to effectively assess the direction of the Company and the performance of the Management.
  - Disclose on an annual basis whether one third of the Board is independent. The Board should also provide a narrative statement of its corporate governance practices with reference to the Malaysian Code on Corporate Governance 2012 in the annual report.
  - Develop and implement an investor relations programme or shareholder communications policy for the Company. The policy should ensure that it effectively interprets the operations of the Company to the shareholders and must accommodate feedback from shareholders, which should be factored into a Company's business decisions.
  - Allocate to the Executive Directors the responsibility for setting the Board agenda as well as organising and circulating the information relevant to the agenda on a timely basis.
  - Ensure that each item of special business included in the notice of annual general meetings must be accompanied by a full explanation of the effects of a proposed resolution.
  - Receive and seek information that is not just historical or bottom line and financial oriented but information that goes beyond assessing the qualitative performance of the Company and looks at other performance factors.
  - Lay down rules to determine the materiality of any transaction and should establish clearly which transactions require multiple Board signatures. Board should also agree on the procedures to be followed especially when decisions are required between Board meetings.
  - Prepare a formal schedule of matters specifically reserved to the Board for decision-making to ensure that the direction and control of the Company is firmly

in the Board's hands. A schedule of matters should be given to Directors on appointment and should be kept up to date.

- Delegate important powers to the EXCO to approve important corporate plans and actions on an ongoing basis.

## **11.0 MATTERS RESERVED FOR THE BOARD**

11.1 The following matters (including changes to any such matters) require approval from the Board, except where they are expressly delegated by the Board to a committee, the Chairman or another nominated member of the Management:

- (i) approval of corporate/strategic directions/plans and programmes;
- (ii) approval of annual budgets, including major capital commitments and capital expenditure budgets;
- (iii) approval of new major ventures;
- (iv) approval of material acquisitions and disposals of undertakings and properties or any significant Group expenditure;
- (v) changes to the management and control structure within the Company and its subsidiaries, including key policies, delegated authority limits;
- (vi) appointment of all other Board members and Board Committee members; and
- (vii) any matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act, 1965, Listing Requirements of Bursa Malaysia Securities Berhad, Company's Articles of Association, Terms of Reference of the respective Board Committees or any other applicable rule.

## **12.0 DETAILED POSITION DESCRIPTION**

### **12.1 Role of the Chairman**

The Chairman of the Board is responsible for :

1. working/running of the Board;
2. ensuring that proper and good corporate governance is undertaken by the Company;
3. ensuring the Board is in full control of the Company's affair;
4. the balance of Board membership subject to Board and shareholders' approval;
5. ensuring all relevant issues are discussed;

6. ensuring that all Directors, more particularly the Non-Executive Directors receives timely relevant information on financial and non-financial matters to enable them to participate actively in Board decisions;
7. ensuring that the Executive Directors looks beyond their executive duties and accept their full share of responsibilities of governance;
8. to monitor the performance of and advise and support the Executive Vice Chairman and Chief Executive Officer.

Position description for the Chairman :

- to lead the Board;
- to be responsible for the Board's composition and development;
- to ensure supply of sufficient information for the Board to discharge its duties;
- to plan and conduct board meetings effectively;
- to ensure the board focuses on its key tasks;
- to engage the board in assessing and improving its performance;
- to oversee the induction and development of Directors;
- to ensure the Company undertakes good corporate governance.

## **12.2 Role of Executive Directors**

Executive Directors are, as employees, involved in the day-to-day management of the Company and Group. They are invariably members of the Company's Senior Management team.

The Executive Directors of the Company are responsible for:

1. leading the Management team;
2. proper management of the corporate resources;
3. implementation of the Board's policies and decisions;
4. the day-to-day management of the Company's business;
5. coordinating the development and implementation of business and corporate strategies;
6. developing and implementing appropriate company's policies/procedures, processes and/or process guidelines for compliance with the best practices of good corporate governance;
7. developing the corporate objectives, which include performance targets and long-term goals of the business, to be met by the Chief Operating Officer and the respective Head of Companies.

## **12.3 Role of Non-Executive Directors**

The Companies Act, 1965 makes no distinction between Executive and Non-Executive Directors in terms of the legal duties that are imposed on Directors.

Non-Executive Directors act as a bridge between Management, shareholders and other stakeholders. They provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

#### **12.4 Role of Independent Non-Executive Directors**

- a) Independent Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.
- b) An Independent Director is not to be involved in day to day operations or running of the business.
- c) An Independent Director is especially important in areas where the interests of Management, the Company and/or the shareholders diverge, such as executive performance and remuneration, related party transactions and audit.
- d) The Listing Requirements emphasise that even if a person does not fall within any of the disqualifying indicators spelt out in Rule 1.01 therein, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be conscious application of the test of whether the Independent Director is able to exercise judgment and act in the best interest of the Company.
- e) The attributes of collegial yet independent decision-making that must be vested in the Independent Director will be determined in part by the character of the individual and that of the whole ethos of the Board.

### **13.0 MEETINGS OF THE BOARD**

**13.1** The Board may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. A Director may at any time and the Company Secretary shall on the requisition of a Director summons a meeting of the Board.

**13.2** The meetings of the Board may be conducted by means of telephone or audio-visual conferencing or other methods of simultaneous communication by electronic, telegraphic or other means by which all persons participating in the meeting are able to hear and be heard at all times by all other participants without the need for a Director to be in the physical presence of the other Directors (hereinafter referred to as "Directors Video-Conference Meeting") and participation in the Directors Video-Conference Meeting shall be deemed to constitute presence in person at such meeting. The Directors participating in any such Directors Video-Conference Meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum at all times for such Directors Video-Conference Meeting, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. A Director may disconnect or cease to participate in the Directors Video-Conference Meeting if he makes known to all other Directors participating that he is ceasing to participate in the meeting and such Director shall, notwithstanding such disconnection, be counted in the quorum for such meeting. The minutes of such a Directors Video-Conference Meeting signed by the Chairman or any other Director

duly appointed in accordance with the provision of the Articles shall be conclusive evidence of any resolution of any Directors Video-Conference Meeting. A Directors Video-Conference Meeting is deemed to be held at the place agreed upon by the Directors attending the meeting, provided that at least one of the Directors participating in the meeting was at that place for the duration of the meeting.

**13.3** The Board should meet regularly, with due notice of issues to be discussed and should record its conclusions in discharging its duties and responsibilities. The Board should disclose the number of Board meetings held a year and the details of attendance of each individual director in respect of meetings held.

**13.4** The Board shall meet at least four times in the year. Additional meetings will be held as and when the need arises. At each Board Meeting, the following matters shall be considered :

- quarterly financial statements, reports to shareholders and any other public announcements, where applicable;
- specific proposals (if any) for capital expenditure, acquisitions and disposals for the Company and subsidiaries; and
- major issues and opportunities for the Company and/or its subsidiaries.

**13.5** The chairman delegates the preparation and timely distribution of the Board agenda to the Executive Directors.

**13.6** In addition, the Board shall at intervals of not more than one year :

- review the Company's goals as set out in the Annual Business Plan;
- review and approve the following year's business plan;
- review the strategies for achieving the Company's goals as presented in the Annual Business Plan;
- approve the annual financial statements, annual report, other reports to shareholders and public announcements;
- consider and if appropriate declare or recommend the payment of dividends;
- review the Board succession plan and structure;
- review the necessity for, performance of and composition of Board Committees;
- consider the Nomination Committee's recommendation on the Board's mix of skills and experience as well as individual Director evaluations;
- review risk assessment policies and controls including insurance covers and compliance with legal and statutory requirements;
- review and consider the Remuneration Committee's recommendation on the executive directors' remuneration policies and practices in general including incentive schemes;

- review shareholders, customer and supplier relations;
- review and approve the annual Statements of Corporate Governance and Internal Control;
- review and approve the annual Statement of Director's Responsibilities.

#### **14.0 QUORUM**

**14.1** The quorum necessary for the transaction of business of the Directors or a committee of Directors may be fixed by the Directors and unless so fixed shall be two (2). For the avoidance of doubt, a Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

**14.2** The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to the Articles of Association of the Company, the continuing Directors may except in any emergency act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company.

#### **15.0 MINUTES OF BOARD MEETINGS**

**15.1** The Board shall cause minutes to be made :

- of names of Directors present at all meetings of the Company and of the Directors; and
- of all resolutions and proceedings at all meetings of the Company and of the Directors.

**15.2** Such minutes shall be signed by the Chairman of the meeting at which proceedings were held or by the Chairman of the next succeeding meeting.

#### **16.0 TENURE OF DIRECTORS**

**16.1** Pursuant to the Company's Articles of Association, all Directors must retire at least once every three (3) years but shall be eligible for re-election.

**16.2** A Director who has attained the age of 70 years may be re-appointed as a Director until the next AGM provided that the resolution must be passed by a majority of not less than three quarters (3/4) of such members of the Company present and voting who, being entitled to do so, vote in person or by proxy at the General Meeting of the Company.

**16.3** The Company shall ensure that the Directors have the character, experience, integrity, competence and time to effectively discharge their respective roles.

**16.4** In the case of Executive Directors, the following shall apply:

- The tenure of the Executive Directors is tied to their executive office;
- Salary payable to Directors who hold an executive office in the Company may not include a commission on or percentage of turnover;

**16.5 Tenure of Independent Directors**

- To determine the cumulative nine (9)-year tenure, the date when the Director was first appointed as an Independent Non-Executive Director shall be considered. An Independent Director, who has served the Company for nine (9) cumulative years, may continue to serve the Company in the capacity of a Non-Independent Director.
- Should the Board decide to retain the Director as an Independent Director after the latter has served a cumulative term of nine (9) years, justification shall be made following an evaluation process of the Director's independence.

**17.0 INDEPENDENT PROFESSIONAL ADVICE**

- 17.1** The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the Group or to his responsibilities as a Director.
- 17.2** If a Director considers such advice to be necessary for the discharge of duties and responsibilities as Director and, for the benefit of the Company, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.
- 17.3** Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

**18.0 COMPANY SECRETARY**

- 18.1** A Company Secretary shall in accordance with the Companies Act, 1965 be appointed by the Board for such term, at such remuneration, and upon such conditions as they may think fit, and any Company Secretary so appointed may be removed by them. The Board may also appoint a Joint Secretary, Deputy Secretary or an Assistant Secretary.
- 18.2** The key role of the Company Secretary is to provide unhindered advice and services for the Directors as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- 18.3** Primary responsibilities of the Company Secretary shall include:
- a) advise the Board on matters related to corporate governance and the Listing Requirements;
  - b) ensuring that Board procedures and applicable rules are observed;
  - c) maintaining records of the Board and ensure effective management of the Company's statutory records;

- d) preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- e) assisting the communications between the Board and Management;
- f) providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time; and
- g) preparing agendas and co-ordinating the preparation of the Board papers.

## **19.0 DIRECTORS' CODE OF ETHICS**

19.1 The Board shall ensure that the Group upholds high standards of ethics and corporate behaviour. The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders.

19.2 In that light, in the performance of the duties of a Director, the Board is first and foremost held accountable in demonstrating the following:

### **Corporate Governance**

- (i) a clear understanding of the aims and purpose, capabilities and capacity of the company;
- (ii) 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) ensure at all times that the company is properly managed and effectively controlled;
- (iv) 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) insist on being kept informed on all matters of importance to the company in order to be effective in corporate management;
- (vi) 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) 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;
- (viii) at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the company;
- (ix) disclose immediately all contractual interests whether directly or indirectly with the company;



- (x) 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;
- (xi) 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; and
- (xii) willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the company is at stake.

#### **Relationship with Shareholders, Employees, Creditors and Customers**

- (xiii) conscious of the interest of shareholders, employees, creditors and customers of the company;
- (xiv) at all times promote professionalism and improve the competency of management and employees; and
- (xv) ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

#### **Social Responsibilities and the Environment**

- (xvi) 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 may be;
- (xvii) adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
- (xviii) ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
- (xix) be more proactive to the needs of the community and to assist in society-related programmes; and
- (xx) 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.

### **20.0 VOTES OF DIRECTORS**

- 20.1** Questions arising at any meeting shall be decided by a majority of votes, each Director having one (1) vote and in case of an equality of votes, the Chairman shall have a second or casting vote. Save that where two (2) Directors form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, shall not have a casting vote.

- 20.2** A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Companies Act, 1965. A Director shall not vote in respect of any contract or arrangement in which he has, directly or indirectly, a personal interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting.

## **21.0 DIRECTORS' TRAININGS AND CONTINUING EDUCATION**

- 21.1** 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 Directors to effectively discharge their duties and sustain active participation during Board deliberations.
- 21.2** The Board shall evaluate and determine the training needs of its Directors on an on-going basis, by determining areas that would best strengthen their contribution to the Board.

## **22.0 NEW DIRECTORSHIPS**

- 22.1** All Board members shall notify the Chairman of the Board before accepting any new directorships in any other organisation. The notification shall include an indication of time commitment required under the new appointment.
- 22.2** An assessment shall be carried out for any newly appointed Director to ensure that the Director meets the criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad on the character, integrity, expertise and time commitment required of the Director. Each Independent Director shall also be assessed to ensure independence in accordance with the criteria laid out in the Listing Requirements of Bursa Malaysia Securities Berhad and any other applicable law, regulation or Code.

## **23.0 CODE OF ETHICS AND CONDUCT**

- 23.1** The Company's Code of Ethics and Conduct ("CEC") sets put the principles and standards of business ethics and conduct of the Group and this CEC is to be observed by all employees and Directors of the Group.
- 23.2** The Board will review the CEC regularly to ensure that it continues to remain relevant and appropriate.

## **24.0 WHISTLEBLOWING POLICY**

- 24.1** To enhance corporate governance practices across the Group, a whistle-blowing policy was adopted which provides Directors, employees and stakeholders of the Group with an avenue to report suspected improprieties such as illegal or unlawful conduct, contravention of the Group's policies and procedures, acts endangering the health or safety of any individual, public or employee, and any act of concealment of improprieties. The aim of this policy is to encourage the reporting of such matters in

good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimisation, harassment or subsequent discrimination.

## **25.0 REVIEW OF THE BOARD CHARTER**

**25.1** The Board Charter will 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 responsibilities.

**25.2** The Board Charter is available at Company's website at [www.microlink.com.my](http://www.microlink.com.my)