

GUH HOLDINGS BERHAD

Company No.: 4104-W
(Incorporated in Malaysia)



BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“the Board”) of GUH Holdings Berhad (“GUH” or “the Company”) regards Corporate Governance as vitally important to the success of GUH’s business and is unreservedly committed to applying the principles necessary to ensure that the following principles of good governance are practised in all of its business dealings in respect of its shareholders and relevant stakeholders:-

- ◆ The Board is the focal point of the Company’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
- ◆ All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- ◆ All Board members are responsible to the Company for achieving a high level of good governance.
- ◆ This Board Charter shall continue and form an integral part of each Director’s duties and responsibilities.

This Board Charter is not a total document and should be read as an expression of principle for optimising corporate performance and accountability. The Board will review and update (if necessary) the Board Charter on an annual basis.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect and on behalf of the Company.

In pursuit of the ideals in this Board Charter, the intention is to exceed “minimum legal requirements” with due consideration to recognised standards of best practices locally and internationally and subject to the provisions of the Companies Act, 1965, the Company’s Articles of Association, the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), the recommended principles of the Malaysian Code on Corporate Governance 2012 (MCCG 2012) and any other applicable law or regulatory requirements.

3. THE BOARD

3.1 Duties and Responsibilities

- 3.1.1 The Board is in charged of leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Group are managed.
- 3.1.2 The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the management who are not Directors may be invited to attend and speak at meetings on matter relating to their sphere of responsibilities.

3.1.3 Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the management and monitoring the performance of the management.

3.1.4 The Board assumes the following specific duties:-

- (a) To review and adopt strategic plans for the growth of the Group;
- (b) To set policies appropriate for the business of the Group;
- (c) To oversee the conduct of the Group's business and to evaluate whether the business is being properly managed;
- (d) To approve annual budget;
- (e) To set and review budgetary control and conformance strategies;
- (f) To monitor management performance and business results;
- (g) Acquisition and disposal or closure of business;
- (h) Declaration of dividends and approval of financial statements, including accounting policies of the Group;
- (i) To identify principal risks and to ensure the implementation of appropriate systems that encourage enhancement of effectiveness in Board and management;
- (j) To keep pace with the modern risks of business and other aspects of governance that encourage enhancement of effectiveness in Board and management;
- (k) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board and key management;
- (l) Be accountable to the shareholders to ensure the Group has appropriate corporate governance that operates efficiently and transparently;
- (m) To set and review and approve annual reports to the shareholders; and
- (n) To review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

3.2 Board Structure

3.2.1 The Regulations governing the management of GUH Holdings Berhad are found in the Company's Articles of Association which stipulates among others, the appointment and number of Directors, the election of a Chairman of the Board; who shall preside at all General Meetings and Board meetings, the appointment of CEO/Managing Director and rotation of Directors, etc.

3.2.2 Pursuant to the Company's Articles of Association, the number of the Directors shall not be less than two (2) nor unless otherwise determined by a general meeting more than fifteen (15).

- 3.2.3 At least two (2) or one third (1/3) of the Board members, whichever is higher, shall be Independent Non-Executive Directors who provide independent judgment and objectivity.
- 3.2.4 The Board (through the Nomination Committee) shall undertake assessment of independence of its Independent Directors annually.
- 3.2.5 Where the tenure of an Independent Directors exceeds a cumulative term of nine (9) years, the Board shall make recommendation and provide justifications and to seek shareholders' approval to retain a person to continue to serve as Independent Director annually.

3.3 Composition and Board Balance

- 3.3.1 The composition of the Board is as follows:

Board of Directors of GUH

Tan Sri Dato' Seri H'ng Bok San	<i>Executive Chairman</i>
Dato' Kenneth H'ng Bak Tee	<i>Chief Executive Officer/Managing Director</i>
Dato' Harry H'ng Bak Seah	<i>Non-Executive Director</i>
Datin Jessica H'ng Hsieh Ling	<i>Non-Executive Director</i>
Chew Hock Lin	<i>Independent Non-Executive Director</i>
Dato' Ismail Bin Hamzah	<i>Independent Non-Executive Director</i>
Lai Chang Hun	<i>Independent Non-Executive Director</i>
Wan Ismail Bin Wan Nik	<i>Independent Non-Executive Director</i>
Dato' Gan Kong Meng	<i>Independent Non-Executive Director</i>

- 3.3.2 The Board is the Company's decision-making body. It is therefore imperative that the Board should be sized in a manner most effective to facilitate decision-makings and deliberation processes.
- 3.3.3 The Board comprises Directors who as a group provides core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.
- 3.3.4 A strong and independent element on the Board should be present to exercise independent objective judgment on the corporate affairs of the Company. No individual or small group of individuals should be allowed to dominate the Board's decision-making process.
- 3.3.5 In addition to ensuring the existence of an independent element, consideration is given to the characteristics of each Board member such as business acumen, skills, business background and experience, forming the dynamics of the Board.
- 3.3.6 Position of Chairman and CEO should be held by different individuals.
- 3.3.7 The Board takes cognizance that MCCG 2012 recommends the positions of Chairman and CEO should be held by different individuals, and the Chairman must be a Non-Executive member of the Board. In addition, the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. However, the Board has decided to depart from the recommendations of MCCG 2012 as the Board acknowledges that the Executive Chairman is the single largest shareholder and there is the advantage of shareholder leadership and a natural alignment of interest.

In addition, the Executive Chairman is the founder of the Group with extensive knowledge and experience and is competent to lead the Group towards achieving the highest level of interest to the Company and all its stakeholders. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the MMLR of Bursa Securities.

The presence of Independent Directors which comprise one third (1/3) of the Board members, though not forming a majority, is sufficient to provide the necessary checks and balances on the decision making process of the Board. They possess integrity and extensive experience to provide unbiased and independent views to the Board. The Executive Chairman also encourages healthy debates on important issues and promotes active participation by Board members.

- 3.3.8 The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Executive Chairman or the CEO/MD have failed to resolve them. Mr. Chew Hock Lin has been appointed the Senior Independent Director of the Company.
- 3.3.9 Profiles of Board members are included in the Annual Report of the Company.
- 3.3.10 All assessment and evaluation of the performance of the Board as a whole, and each individual Director must be carried out and performed annually.

3.4 Appointment and Re-election

- 3.4.1 The Nomination Committee (and the Remuneration Committee, where relevant) shall assist the Board in identifying and recommending suitable potential candidates with the relevant experience required (including gender considerations) for appointment as a Director and for approval by the Board thereafter. Any new Director so appointed shall be subject to re-election at the next Annual General Meeting (AGM) to be held immediately following the appointment.
- 3.4.2 Pursuant to the Company's Articles of Association, all Directors inclusive of CEO/Managing Director shall retire from office at least once in each 3 years but shall be eligible for re-election.
- 3.4.3 All Directors who are over 70 years of age are required to submit himself/herself for re-appointment annually and they are subject to re-appointment in accordance with Section 129 of the Companies Act, 1965.
- 3.4.4 The directorships held by any Board member at any one time shall not exceed five (5) in listed companies.

3.5 Directors' Training

- 3.5.1 In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Securities, Board members are encouraged to attend a continuous education or suitable training programme each year to ensure that each Director receives regular briefings and updates on changes in laws and regulations, risks, economic scenarios and the industry climate affecting the business, and to continuously upgrade their knowledge and understanding of their roles and responsibilities as Directors. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

3.6 Supply of Information

- 3.6.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- 3.6.2 The management is responsible for providing the Board with the required information in an appropriate and timely manner. The CEO/Managing Director, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- 3.6.3 A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting.
- 3.6.4 Amongst others, the Board papers include the following :
- (a) Quarterly financial report of the Company;
 - (b) Operating activities of the Group and subsidiaries;
 - (c) Reports on Related Party Transactions;
 - (d) Directors' and Substantial Shareholders' share dealings;
 - (e) Future business planning and capital expenditure; and
 - (f) Annual Management Plans/Budget reports.
- 3.6.5 Minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

4. EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR (CEO/MD)

The Company aims to ensure a balance of power and authority between the Executive Chairman and the CEO/MD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Executive Chairman and CEO/MD of GUH are separated and clearly defined, pursuant to MCCG 2012.

4.1 Executive Chairman

The Executive Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of his role. Decisions of the Board are made collectively during Board meetings. In order to ensure that meetings are properly facilitated, and the Board properly led, the Executive Chairman plays a crucial and pivotal leadership role in ensuring that the Board works effectively. Additionally, the Executive Chairman of the Board is usually the presiding Chairman during General Meetings of the Company.

Executive Chairman of the Board endeavours to create an environment which promotes constructive deliberations leading to effective contributions by each Board member during Board meetings. Further, the Executive Chairman must be able to manage personal conflicts and help to focus the Board on what really matters as oppose to simply ploughing through the agenda.

The Executive Chairman is responsible for the following:-

- (a) Provide leadership and run the Board effectively with the assistance of the Board Committees and management;
- (b) Ensure the whole Board plays a full and constructive part in developing and determining the Group's strategy and overall business and commercial objectives;
- (c) Make recommendation to the Board on the appointment/dismissal of the Chief Executive and Non-Executives;
- (d) Ensure the Board annually reviews its performance and its balanced so as to achieve its effectiveness;
- (e) Review the performance of individual Directors;
- (f) Assist and guide the CEO/MD;
- (g) Supply vision of the Group;
- (h) Setting the Board meeting agenda for consideration, giving emphasis on important issues facing the Group with emphasis on strategic, rather than routine issues;
- (i) Chairing of general meetings and Board meetings;
- (j) Act as the Group's representative in its dealing with external parties;
- (k) Help guide the Group on long term strategic opportunities and represent the Group with key industry, civic and philanthropic constituents; and
- (l) Promote the highest standards of integrity, probity and corporate governance in the Group.

4.2 CEO/MD

CEO/MD is responsible to the Board for the day-to-day management of the Company and for fulfilling all policy matters set by the Board. These are expounded below.

CEO/MD leads the management team. The Board holds the CEO/MD accountable for the performance of the management team.

The key roles of the CEO/MD are:-

- (a) Manage the Group's business and ensure that operational planning and control systems are in place;
- (b) Accountable and responsible for the Group's operations and financial performance;
- (c) Lead management and employees and express his clear leadership;
- (d) Prepare and implement strategic plans;
- (e) Submit and implement acquisition/investment proposals;
- (f) Develop an organizational structures with the necessary succession planning;
- (g) Promote communications internally and externally for the Group as the chief communicator by monitoring the goals, visions, missions and challenges;

- (h) Maintain a friendly environment and develop organization culture, values and reputation in its markets;
- (i) Have a good corporate responsibility program for shareholders, staff, customers, suppliers, partners and regulatory/official bodies;
- (j) Ensure the executive team implements the decisions of the Board and its Committees;
- (k) Assist the Executive Chairman in drawing up the agenda for Board meetings by providing input in relation to important strategic issues facing the business; and
- (l) Highlight and update to the Executive Chairman on complex and sensitive issues that might affect the Company and/or Group and maintain a consistent dialogue with the Executive Chairman of the Board.

5. BOARD COMMITTEES

- 5.1 To assist the Board in fulfilling its duties and responsibilities, the Board has established the following Committees:-
 - (a) Audit Committee;
 - (b) Risk Management Committee;
 - (c) Nomination Committee; and
 - (d) Remuneration Committee.
- 5.2 All of the Committees have Terms of Reference which have been approved by the Board.
- 5.3 The Board can establish ad hoc Committees.
- 5.4 All the above Board Committees will be evaluated and assessed annually to ensure each Committee is competent and able to assist the Board to continue carrying out each responsibility effectively.

6. GENERAL MEETINGS

6.1 Annual General Meeting (AGM)

- 6.1.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- 6.1.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
- 6.1.3 The Executive Chairman encourages active participation by the shareholders during the AGM.
- 6.1.4 The Board shall encourage poll voting for substantive resolution e.g. appointment of directors or auditors, approval for issuance of shares, share buy-back, related party transactions and resolutions via circular.
- 6.1.5 The CEO/MD normally responds to shareholders queries during the meeting. Where necessary, the CEO or the Executive Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

6.2 Extraordinary General Meeting (EGM)

- 6.2.1 The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

7. RISK MANAGEMENT

- 7.1 The Board has an internal audit function which reports directly to the Audit Committee.
- 7.2 The Board should establish a sound framework to manage risks and disclose the main features of the Company's risk management framework and internal controls system in the annual report.
- 7.3 Internal Auditor(s) have relevant qualifications and is responsible for providing assurance to the Board that the internal controls are operating effectively.

8. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 8.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 8.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- 8.3 A press interview will be held on ad hoc basis whereby the CEO/MD will give a press release stating the Company's results, their prospects and outline any specific event for notation.
- 8.4 The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.
- 8.5 The Board shall ensure the Company has appropriate Corporate Disclosure policies and procedures, with the following best practices:
 - 8.5.1 Clear roles and responsibilities of Directors, management, employees and all other relevant persons in the handling and disclosure of material information in a timely and accurate manner;
 - 8.5.2 Clear level of authority accorded to a designated person and spokespersons in the handling and disclosure of material information;
 - 8.5.3 Due diligence is exercised by the persons responsible for preparing the disclosure of material information;
 - 8.5.4 Proper verification process that enables materials information to be verified before disclosing it to the public;
- 8.6 The Board should encourage the Company to leverage on information technology (IT) for effective dissemination of information, for example through regular updates to its Corporate Website.

9. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

It is the Company's accountability to integrate responsible ethical practices into all aspects of the business operations to ensure that long-term sustainability of business or the Company would not survive.

The Board should ensure that the Company's strategies promote sustainability. Attention should be given to environmental, social and governance (ESG) aspect of business which underpin sustainability. Also, sustainability policies and implementation shall be disclosed in the annual report and Corporate Website.

The Company encourages the practice of high ethical standards and upgrade of the level of Corporate Conduct to cover 4 main criteria as follows:-

9.1 Market Place

- 9.1.1 The Company is committed to uphold the corporate responsibility practices and to enhance the economic responsibilities by creating a good return to safeguard its shareholders' investment.
- 9.1.2 The Company is responsible to strive to develop and provide products and services which offer value in terms of price, quality, safety and environmental impact.
- 9.1.3 The Company acknowledges the importance of good corporate governance and ensure the adherence to the MCCG and to comply with all listing requirements, rules and regulations.

9.2 Work Place

- 9.2.1 The Company acknowledges that the employees are invaluable assets and play a vital role in achieving the vision and mission of the Company.
- 9.2.2 The Company adopts comprehensive and documented policies and procedures with respect to the following:
 - a) Occupational safety and health with the objective of providing a safe, conducive and healthy working environment for all employees; and
 - b) Industrial relations with the objectives of managing employees' welfare and well-being in the workplace.

9.3 Environment

- 9.3.1 The Company acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- 9.3.2 The Company adopts sustainability policy as part of its commitment to protect the environment and contribute towards sustainable development.
- 9.3.3 The Company supports initiatives on environmental issues.

9.4 Community

- 9.4.1 The Company shall play a vital role in contributing towards the welfare of the community in which it operates.

9.4.2 The Company supports charitable causes and initiatives on community development projects.

10. COMPANY SECRETARY

- 10.1 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.
- 10.2 The Company Secretary is accountable to the Board through the CEO/MD on all governance matters.
- 10.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 10.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
- (a) Disclosure of interest in securities;
 - (b) Disclosure of any conflict of interest in a transaction involving the Company;
 - (c) Prohibition on dealing in securities;
 - (d) Restrictions on disclosure of price-sensitive information
- 10.5 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- 10.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.

This Board Charter has been updated and adopted by the Board of Directors on 21 November 2016.