



TECHNODEX BHD.
(627634-A)

BOARD CHARTER

OVERVIEW

The Board of Directors ("Board") of Technodex Bhd. ("the Company") is fully committed towards ensuring that the Group applies the best practices set out the Malaysian Code of Corporate Governance ("the Code"). The compliance with the Code by the Board is the fundamental part of the Group's responsibility to protect and enhance long term shareholders' value and the financial performance of the Group, whilst taking into account the interest of other stakeholders.

The Board collectively leads and is responsible for the performance and affairs of the Company and its subsidiaries ("the Group"), including practising a high level of good governance. 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.

This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board Members acting on behalf of the Company are aware of their duties and responsibilities as Board Members.

1. COMPOSITION AND BALANCE OF THE BOARD

1.1 Size and Composition

The strength of the Board lies in the composition of its members, who has a wide range of expertise, extensive experience and diverse background in business, finance and technical knowledge. The Board retains full and effective control over the Group and ensures the Group moves towards its strategic direction in establishing goals and ultimately the enhancement of long-term shareholders' value.

The Articles of Association of the Company provides for a minimum of two (2) Directors and a maximum of ten (10) Directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.

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

1.2 Nomination and Appointments

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee is responsible for making recommendation for appointments to the Board. In discharging this duty, the Nomination Committee will assess the suitability of an individual to be appointed to the Board by taking into account the individual's skill, knowledge, expertise, experience, professionalism, integrity and/or other commitments.

All Board members shall notify the Chairman of the Board before accepting any new Directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new Directorship or significant commitments outside the Company.

1.3 Re-election

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to re-election by the shareholders at the annual general meeting following their appointment. At least one third of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each annual general meeting.

Directors who are over seventy (70) years of age are required to submit themselves for annual re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

1.4 Independence

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.

1.5 Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a year to year basis.

1.6 Evaluation of the Directors and the Board's as a whole

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Nomination Committee is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board's Committees on an annual basis. In assessing suitability of candidates, considerations will be given to the competencies, commitment, contribution and performance.

The Nomination Committee is required to report annually to the Board an assessment of the Board's and its committees' performance. This will be discussed with the full Board. Every year, the Nomination Committee will evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board committees.

2. ROLES AND RESPONSIBILITIES

2.1 Board Responsibilities

The Board has the responsibility in leading and directing the Group towards realizing long term objectives and shareholders' value. The Board retains full and effective control of the Group's strategic plans, overseeing the conduct of the Group's businesses, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Group's system of internal control.

The Executive Chairman and Managing Director are entrusted with responsibility for managing the Group's day to day business operations and resources. The Independent Non-Executive Directors are actively involved in various Board committees and contribute to areas such as performance monitoring and enhancement of corporate governance and controls.

The Directors are required to declare their direct and indirect interests in the Company and related companies. The Directors are also responsible to declare whether they and/or any person(s) connected to them have any potential conflict of interest in any transaction and/or in any contract with the Company and/or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from the Board deliberation and voting and shall ensure that he or she and person(s) connected to him or her will abstain from voting on the related resolution.

2.2 Accountability and Audit

i. Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's position and prospect to the Company's shareholders through the annual financial statements and quarterly announcements.

The Board considers that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. All accounting standards which the Board considers to be applicable have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

ii. Internal Control and Risk Management

The Board acknowledges their responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations as well as internal procedures and guidelines.

Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the board that the processes have been carried out.

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced Internal Auditors are reported regularly to the Audit Committee which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

iii. Relationship with Auditors

The Board has always maintained a formal and transparent arrangement with its internal auditors and external auditors in seeking professional advice on matters relating to compliance and corporate governance.

The internal audit function of the Group is outsourced to third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the Board and the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the management.

2.2 Responsibilities of the Executive Chairman (“EC”) and Managing Director (“MD”)

The role of the EC and MD are distinct and separate to ensure there is balance of power and authority. The EC is responsible for the leadership, effectiveness, conduct and governance of the Board while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions. The MD is accountable to the Board for the overall organisation, management, and staffing of the Company and / or Group and for the procedures in financial and other matters, including conduct and discipline.

- i. To provide leadership to the Board.
- ii. To review all financial matters of the Group.
- iii. To examine the public image of the organization and establish plans and programme to improve the Group in every way.
- iv. To oversee ethical business practices and adherence to the Group’s mission statement.
- v. To oversee the effective discharge of the Board’s supervisory role.
- vi. To facilitate the effective contribution of all Directors.
- vii. To conduct and chair Board Meetings and General Meetings of the Company.
- viii. To manage Board communications and Board effectiveness and effective supervision over Management.
- ix. To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner.
- x. To ensure Board Meetings and General Meetings are in compliance with good conduct and best practices.
- xi. To promote constructive and respectful relations between Board members and between the Board and the Management.

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

- i. To develop and recommend to the Board strategic business direction, plans and policies of the Group that leads to the creation of shareholder value.
- ii. To develop and recommend to the Board the operational plan and annual budget that support the Company or the Group's long-term strategy.
- iii. To ensure the efficient and effective operation of the Group.
- iv. To manage the overall business and oversees the day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board.
- v. To ensures continuous improvement in the quality and value of the products and services provided by the Group.
- vi. To ensure that the Company or the Group achieves and maintains a satisfactory competitive positions within its industry.
- vii. To formulate and oversee the implementation of major corporate policies.
- viii. To report to the Board periodically on the financial positions of the Group which include forecast results as required from time to time.
- ix. To reports to the Board on key performance indicators in relation to the financial results, market conditions and other developments.
- x. To responsible for the financial management of the Company and / or Group and overseeing the handling of financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources.
- xi. To serve as the chief spokesperson for the Group.
- xii. To bring material matters to the attention of the Board in an accurate and timely manner.

2.3 Board Committees

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

- i. Audit Committee
- ii. Nomination Committee
- iii. Remuneration Committee
- iv. Investment and Business Development Committee

The role of the Board Committees is to advise and make recommendations to the Board. The Chairman of various committees provide a verbal report on the outcome of their committee meetings to the Board, and any further deliberation is made at the Board level, if required.

Each committee operates in accordance with written terms of reference approved by the Board. The Board appoints the members and Chairman of each Committee.

2.4 Company Secretary

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

The Company Secretary is 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.

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognizes the fact that the Company Secretary should be suitable qualified and capable of carrying out the duties required.

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

3. BOARD PROCESSES

3.1 Board Meetings

The Board meets at least four (4) times a year, with additional meetings to be convened whenever necessary. The Directors receive notices of meetings prior to the date of the meeting, highlighting the agenda complete with a full set of Board Papers to provide sufficient details of matters to be deliberated during the meeting. Information provided is not confined to financial data but also other non-financial information, both quantitative and qualitative, which is deemed to be critical in arriving at a sound and informed decision.

Minutes of Board meetings together with decisions made by way of resolution passed are duly recorded and properly kept by the Company Secretary.

3.2 Directors' Training

In addition to the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad, the Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the trainings attended by the Directors.

3.3 Directors' Remuneration

The Board through Remuneration Committee established formal and transparent remuneration policies and procedures to attract and retain Directors.

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee for executive Board Members and/or the MD. The remuneration of the MD and Executive Directors are structured on basis of linking rewards to corporate and individual performance. None of the Executive Directors participated in determining their remuneration.

Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

3.4 Access to Information and Independent Advice

The Board has full and unrestricted access to all of the Group's information whether as a full board or in their individual capacity to enable them to discharge their duties to their full capacity pertaining to the Group's affairs and business.

External professional advisors, consultants and company secretaries are made available to render their independent views and advise to the Board.

3.5 Investor Relations and Shareholder Communication

The Group values dialogue with investors as a means of effective communication that enables the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests. Investors and shareholders can also obtain information on the Group through the Company's published Annual Reports, Quarterly Results and Announcements which are made to Bursa Malaysia Securities Berhad.

The Annual General Meeting also provides an opportunity for shareholders to seek clarifications and to raise questions concerning the Group. The Chairman and the Board members are in attendance to respond to shareholders' queries.

The Company recognizes the importance of accountability to shareholders and effective communication between the Company and investors. The Company has established its own website at www.technodex.com which contains vital information concerning the Group.

4. CODE OF ETHICS AND CONDUCT

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and the core areas of conduct include the following:-

- i. Compliance at all times with the Code of Ethics and Conduct and the Board Charter.
- ii. Observe high standards of corporate governance at all times.
- iii. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership, including fair dealing and the ethical handling of conflicts of interest.
- iv. Not misuse information gained in the course of duties for personal gain or for political purposes.

- v. Uphold accountability and act in good faith and in the best interests of the Company and the Group.
- vi. Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information.
- vii. Ensure full, fair, accurate, timely and understandable disclosure.
- viii. Declaration of any personal, professional or business interests that may conflict with responsibilities.

The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.

5. REVIEW OF THE BOARD CHARTER

The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. The Board Charter is made available for reference in the Company's website.