

BOARD CHARTER

This Board Charter sets out the composition, roles and responsibilities of the Board, and the processes for convening of Board Meetings in accordance with the principles of good corporate governance.

1. THE BOARD

1.1 Board Membership

1.1.1 Board Size and Composition

The Board is responsible to determine the overall composition of the Board in terms of the appropriate size and the mix of knowledge, skills and experience necessary for the effective stewardship of the Group. The Board believes in having a healthy mix of age, experience and gender in the composition of the Board.

Pursuant to the Company's Articles of Association, the Board shall comprise not less than 3 directors and not more than 15 directors. The Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") stipulates that at least 2 directors or one third of the Board, whichever is higher, shall be independent directors.

In line with the recommendations of the Malaysian Code of Corporate Governance 2012 ("MCCG 2012"), the Chairman of the Board shall be an independent non-executive director and where the Chairman of the Board is not an independent director, the Board shall comprise a majority of independent directors.

The Board does not impose any age limit on the Board members apart from what is prescribed under Section 129 of the Companies Act, 1965.

1.1.2 Nomination and Appointment of Directors

The Nomination Committee is tasked with the responsibility of identifying, evaluating and making recommendations new nominees to the Board in the context of the needs of the Board. The appointment of a new Director is a matter for consideration and decision by the full Board.

A new director should commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board. Under the Listing Requirements, a director of the Company must not hold more than 5 directorships in listed issuers. The MCCG 2012 recommends that directors should notify the Chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment.

1.1.3 Board Tenure

Generally, the Board members have no fixed term of appointment. The Articles of Association of the Company provide that all directors (including the Managing Director and Executive Director) shall retire once in every three years. At every annual general meeting, at least one-third of the directors and those appointed during the financial year shall retire from office, and they are eligible for re-election.

1.1.3 Board Tenure (cont'd)

The maximum tenure for Independent Directors of the Company is 9 years. However, a director may continue to serve on the Board as an Independent Director beyond 9 years, subject to the following:

- (a) based on the annual assessment of directors, the Nomination Committee has concluded and the Board has concurred that the services of the Independent Director are still required by the Company and that the director concerned remains free of any business or other relationship with the Company which could reasonably be perceived to materially interfere with his/her exercise of unfettered and independent judgement; and
- (b) shareholders' approval being obtained for his/her re-election upon retirement by rotation or re-appointment pursuant to Section 129 of the Companies Act, 1965.

1.2 Role of the Board

The Board has the primary responsibility of leading and managing the business and affairs of the Group including ensuring compliance with the Group's corporate governance objectives.

The Directors' Code of Business Conduct and Ethics, adopted by the Board on 22 August 2013, requires the Directors to observe high ethical business standards in the performance of their duties as Directors and to act in the best interests of the Group and the shareholders of the Company (**Appendix A**).

The duties and responsibilities of the Board include, among others, the following:-

- (a) To review, approve and monitor the Group's overall strategic and financial plans;
- (b) To oversee the Group's business operations and financial performance to ensure that the businesses are being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;
- (c) To establish the Group's corporate values, vision and mission, including governance systems and processes in line with the principles of good corporate governance;
- (d) To identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to manage risks;
- (e) To review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
- (f) To oversee the development and implementation of policies and/or programmes for effective communication with shareholders and/or investors;
- (g) To consider emerging issues which may be material to the Group's business and affairs and ensure that the Group has proper succession plan for senior management.

The Board has adopted an Authority Chart which sets out clearly the matters that are reserved specifically for the Board's approval/decision which include material acquisitions and disposals of assets, corporate plans and budgets, major investments and changes to the management and control structure of the Group.

1.3. Roles of Non-Executive Chairman

The responsibilities of the Non-Executive Chairman include, among others, the following:-

- (a) To ensure the smooth functioning of the Board and the effective conduct of business by the Board at board meetings;
- (b) To provide leadership to the Board and is responsible for the development needs of the Board;
- (c) To manage the Board's communications and the Board's effective supervision over the Management;
- (d) To ensure the orderly conduct of the proceedings of shareholders' meetings;
- (e) To protect the interest and provide for the information needs of various stakeholders; and
- (f) To maintain good contact and effective relationships with shareholders and investors.

1.4 Roles of Managing Director and Executive Director

The Managing Director and the Executive Director will be responsible for the following:-

- (a) To manage the day-to-day operations of the Company;
- (b) To develop and implement the Group's business strategies, plans and policies;
- (c) To ensure the effective supervision and control of the general management and operations of the Group;
- (d) To ensure that an effective management succession plan is in place to sustain continuity of operations of the Group;
- (e) To put in place adequate systems and controls to safeguard the interests of the Group; and
- (f) To keep the Board well informed of the salient issues concerning the Group's operations and ensure that material matters are brought to the attention of the Board in an accurate and timely manner.

1.5 Roles of Non-Executive Directors

The roles of the Non-Executive Directors include, among others, the following:-

- (a) To provide independent and objective views (in the case of Non-Executive Directors who are Independent Non-Executive Directors), assessment and suggestions in the deliberations of the Board;
- (b) To provide the relevant checks and balances in the proceedings of the Board;
- (c) To constructively challenge and contribute to the development of the business strategies and direction of the Group;
- (d) To ensure that appropriate standards of corporate governance are practised in the Group;

- (e) To ensure that there are adequate systems and controls to safeguard the interests of the Group and all stakeholders.

2. BOARD STRUCTURES AND PROCEDURES

2.1 Board Committees

The Board has established the following core committees to assist in the discharge of its duties and responsibilities in accordance with the approved terms of reference of the respective committees:-

- (a) Audit Committee
- (b) Nomination Committee
- (c) Remuneration Committee

The Board may from time to time establish any other board committees as it considered necessary.

2.2 Board Meetings

The Board shall conduct at least four(4) meetings a year at quarterly intervals with additional meetings to be convened as and when necessary. Under the Articles of Association of the Company, the quorum for transaction of business at the Board Meeting is 2 members.

The Notice of Meeting setting out the agenda together with the relevant Board papers shall be circulated to all the Board members prior to and in advance of each Board meeting.

The Chairman of the Board shall be responsible to ensure that the agenda items are adequately reviewed and discussed by the Board within a reasonable time frame.

Where a Director is directly or indirectly interested in any transaction entered into by the Company, he has a duty to make an immediate declaration to the Board and he is required to abstain from deliberations and decisions of the Board on the transaction.

The minutes of the Board meetings are signed by the Chairman of the meeting as correct record of the proceedings thereat upon confirmation by the Board at the following meeting. The Chairman shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Board.

All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than the Board members, except as required by laws or as agreed by the Board.

2.3 Access to Information and Advice

The Board, or individual directors, have full access to the Senior Management and advice of Company Secretary in relation to the information within the Group and to obtain independent professional advice to assist in the proper exercise of its powers and the discharge of its duties as directors, with the costs to be borne by the Company/Group.

The Board acknowledges that confidential information received in the course of exercise of the Board's duties remains the property of the Company, whether it relates to the Company or another entity. It will not be disclosed unless either the Chairman or the Board has so authorised in writing or disclosure is required by law.

2.4 Directors' Remuneration

The Board as a whole determines the level of fees of Non-Executive Directors and Executive Directors.

The level of remuneration must be sufficient to attract and retain the Directors needed to run the Group successfully. The remuneration of the Managing Director and Executive Director is linked to the corporate and individual performance.

The annual Directors' fees payable to Directors shall be endorsed by the Board for approval by the shareholders of the Company at the Annual General Meeting.

2.5 Board Evaluation and Directors' Assessment

The Nomination Committee shall review and evaluate the performance of the Board as a whole, the Board committees and individual directors annually.

The Nomination Committee shall also carry out assessment on the independence status of the independent directors on an annual basis and where necessary.

2.6 Directors' Training And Continuing Education

The Board is mindful of the need to keep abreast with changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates. The Board will assess the training needs of the Directors and ensure that Directors undergo relevant training programmes to update their knowledge and skills to enable them to effectively discharge their duties and to sustain active participation in the Board's deliberation.

3. FINANCIAL REPORTING

The Board as a whole is responsible for the accuracy and integrity of the Company's financial reporting.

The Board, assisted by the Audit Committee, oversees the financial reporting process of the Group. The Audit Committee reviews and monitors the integrity and reliability of the Group's annual and interim financial statements prior to recommending for the Board's approval.

4. BOARD'S RELATIONSHIP WITH SHAREHOLDERS

The Board aims to ensure that shareholders are well-informed of all major developments affecting the Company/Group on a timely basis by means of various disclosures and announcements to Bursa Malaysia Securities Berhad. The Company maintains a corporate website at www.mphbcap.com.my which shareholders and investors can access for corporate information and new events relating to the Group.

The Company's annual general meetings will be the key avenue for communication and dialogue with the shareholders of the Company. The Board members, Senior Management as well as the Group's external auditors will be present at the annual general meetings to respond to shareholders' queries.

The Board has identified the Chairman of the Board as the main contact person to whom any shareholders' concerns may be conveyed.

As part of the Group's investor relations programmes, the Company will conduct meetings from time to time with fund managers, investors and analysts to keep them updated on the progress and developments of the business of the Group.

5. REVIEW OF BOARD CHARTER

The Board will regularly review this Board Charter to ensure it remains consistent with the Board's objectives and responsibilities, and the relevant standards of corporate governance.

MPHB CAPITAL BERHAD (1010253-W)

CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD OF DIRECTORS

This Code of Conduct (“Code”) describes the standards of business conduct and ethical behaviour that each director of **MPHB CAPITAL BERHAD** (“MPHB CAPITAL” or “the Company”) is expected to uphold. This Code does not address every situation that may be encountered, and is not a substitute for a Director’s exercise of good judgment and common sense. A Director who has a question about a particular circumstance that may implicate a provision of this Code should address the question with the Chairman of the Audit Committee, who may consult with internal or external counsel as appropriate.

Each director must comply not only with the terms, but also the intent, of this Code.

1. Conflict of Interest

Directors have an obligation to act in the best interest of the Company. All directors should endeavour to avoid situations that present a potential or actual conflict between their interest and the interest of the Company. Where conflict of interests do exist, or may appear to exist, the director shall excuse himself from discussion, voting or otherwise influencing a decision any matter in which he has a conflict or potential conflict of interest.

2. Corporate Opportunities

Directors are prohibited from (a) taking for themselves personally any opportunities that belongs to the Company or are discovered through the use of corporate property, information, or position; (b) using corporate property, information, or position for personal gain; and (c) competing with the Company for business opportunities; (d) improperly influence or attempt to influence any business transaction between the Company and another entity in which a Director has a direct or indirect financial interest or acts as an employee, officer or director or similar capacity.

3. Confidentiality

Directors should maintain the confidentiality of information entrusted to them by the Company except when disclosure is authorised or legally mandated. For purposes of this Code, "confidential information" includes all non-public or proprietary information relating to the Company.

No director shall profit, or assist others to profit, from confidential or business opportunities that are available because of service to the Company.

4. Fair Dealing

Each director is expected to deal fairly with the respective Company's customers, suppliers, competitors, officers, and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice. Inappropriate use of proprietary information, misusing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited.

5. Gifts

Directors shall not seek or accept from third parties any favour in whatsoever form or howsoever described in connection with the business of the Company or their duties. Social amenities customarily associated with legitimate business relationships are permissible.

6. Protection And Proper Use Of Company Assets

Directors are expected to exercise their business judgment in a manner that protects the Company's assets and promotes their efficient use. All Company assets are to be used for legitimate business purposes.

7. Compliance with Laws, Rules and Regulations

Directors shall comply, and oversee compliance by employees, officers and other directors, with laws, rules and regulations applicable to the Company.

Directors shall fulfill the criteria for eligibility to be a director in accordance with the laws, rules and regulations applicable to the Company. Should a sitting Director be adjudged to have brought the Company into disrepute, or committed a serious breach of the laws, rules and regulations applicable to the Company, then he/she shall be removed from office.

8. Reporting Any Illegal Or Unethical Behaviour

Directors should promptly communicate any suspected violations of this Code to the Chairman of the Audit Committee. Suspected violations will be investigated by the Board or persons designated by the Board, and appropriate action will be taken in the event that a violation is confirmed.

Directors should promote ethical behaviour and review the Company's steps to (a) encourage employees to talk to supervisors, managers, and other appropriate personnel when in doubt about the best course of action in a particular situation, (b) encourage employees to report violations of laws, rules, regulations, or the Company's employee code of conduct, and potential ethics violations or non-compliance to appropriate personnel; and (c) inform employees that the Company will not allow retaliation for reports made in good faith.

9. Waiver

Any waiver of this Code can only be made by the Board of Directors, and shall be granted only in very exceptional circumstances. The Company shall disclose any such waiver, and the Board's rationale for its decision.

10. Revision

This Code will be revised from time to time to reflect changing legal, regulatory and ethical standards.