



ASTRAL ASIA BERHAD

Registration No. 199601002254 (374600-X)
(Incorporated in Malaysia)

Board Charter

Introduction

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance.

The Board of Directors ("Board") of Astral Asia Berhad ("AAB") has overall responsibility for the proper conduct of the Company's business and assumes responsibility of effective stewardship and control of the Company.

Purpose

This Board Charter sets out the authority, role, functions, composition and responsibilities of the Board to assist the Board members to be aware of their duties and responsibilities.

Authority

The Board derives its authority to act from the Constitution of the Company and the prevailing laws and regulations governing companies in Malaysia.

Composition, Appointment and Re-election

The Constitution of the Company provide for a minimum of two (2) Directors and a maximum of nine (9) Directors. The Board is made up of One (1) Independent Non-Executive Chairman, One (1) Deputy Executive Chairman, One (1) Managing Director, One (1) Executive Director, One (1) Non-Independent Non-Executive Director and Two (2) Independent Non-Executive Directors. The board has also appointed one (1) Alternate Director.

The Board comprises suitably qualified individuals with diverse set of skills, knowledge, expertise and experience. On an annual basis, the Board reviews the composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills. The Board considers the appointment of new director upon the recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will consider the skills, knowledge, expertise and experience, professionalism, integrity and in the case for the position of independent non-executive directors, their ability to discharge such responsibilities/functions as expected from independent non-executive directors.

The Constitution of the Company provide that one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) are subject to retirement by rotation at each Annual General Meeting and that all the Directors shall retire once in every three (3) years. A retiring Director is eligible for re-election. The Constitution also provide that 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.

The Board's gender diversity is to have at least one female Director. The Board will endeavour to meet the target of at least 30% women directors. Considerations will be based on merits and effective blend of skills, experience and knowledge in areas identified, the size of the Board and the needs of the Company.

Independence of Director

The Board assesses the independence of the Directors annually by having regard to the criteria adopted for assessing the independence of Directors. The Board would apply these criteria upon admission annually and when any new interest or relationship develops. Pursuant to the Main Market Listing Requirements, at any one time, at least two (2) or one-third (1/3), whichever is the higher, of the Board members should comprise Independent Directors.

During the financial year, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The Board was satisfied with the level of independence demonstrated by all Independent Directors.

To promote board quality and strengthen board independence, the Board now limits the tenure of an independent director to not more than a cumulative tenure of 9 years.

New Directorships

All the Board members shall notify the Chairman of the Board at least one (1) week before accepting any new directorships in public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction. The notification should include an indication of the time that will be spent on the new appointment.

Role of the Chairman

The Chairman carries out a leadership role in conducting and ensuring effectiveness of the Board and its relations to shareholders and other stakeholders. The Chairman is primarily responsible for:-

1. Representing the Board to shareholders;
2. Ensuring the integrity of the governance process;

3. Maintaining regular dialogue with the Managing Director (“MD”) over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;
4. Functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes;
5. Ensuring that all Directors are enabled and encouraged to participate in its activities. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
6. Ensuring that Executive Directors look beyond their executive function and accept their full share of responsibilities of governance;
7. Guiding and mediating Board actions with respect to organisational priorities and governance concerns;
8. Undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
9. Performing other responsibilities assigned by the Board from time to time.

Role of the Managing Director (“MD”)

The position of the MD in essence is to ensure the effective implementation of the Company’s Business strategy, plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operation.

The MD, in association with the Chairman, is accountable to the Board for the achievement of the Company’s goals and objectives and the Group Accountant is accountable to the Board for the observance of management limitations. The MD is expected to act within all specific authorities delegated to him or her by the Board.

Generally, the MD is responsible to the Board for the following:

1. Executive management of the Group’s business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance against and the analysis of management reports;
2. Effectively oversee the human resources of the organisation with respect to key positions in the Group hierarchy and determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
3. Assures the Company that its corporate identity, products and services are of high standards and are reflective of the market environment; be the official spokesman for the Company and responsible for regulatory, governmental and business relationships;

4. Ensures compliance with governmental procedures and regulations;
5. Coordinates business plans with the businesses heads, coordinates management issues through the Board, and divisional function groups and cost containment process in consultation with the Group Accounts and Executive Directors;
6. Maintains and facilitates a positive working environment and good employee relations;
7. Assists in the selection and evaluation of Board members through the Nomination and Remuneration Committees; and
8. Assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to directors on a timely basis.

Roles & Responsibility of the Board

The Board assumes, amongst others, the following roles and responsibilities to facilitate the Board in discharging its fiduciary duties in respect of the Group:-

1. Reviewing and adopting a strategic plan for the Company which will enhance the future growth and profitability of the Company;
2. Overseeing the conduct of the Company's business and to evaluate whether the business is being properly managed;
3. Determining the level of risk tolerance and identify, assess and monitor principal risks of the business and ensure implementation of appropriate systems to manage these risks; and
4. Reviewing adequacy and effectiveness of the Company's risk management and internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

In carrying out its duties, the Board has amongst others, a formal schedule of matters specifically reserved for its decision, including overall strategic direction, annual operating plan, capital expenditure plan, material acquisitions and disposals, material capital projects and the monitoring of the Group's operating and financial performance.

Board Committees

The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities. The Board has established the following committees which shall be operated under clearly defined terms of reference:-

a) Audit Committee ("AC")

The AC assist and support the Board's responsibility to oversee the Company's operations by providing a means for review of the Company's processes for

producing financial data, its internal controls and independence of the Company's external and internal auditors. They are to assist the Board in discharging its duties and responsibilities in the area of corporate disclosure and transparency, public accountability of the Company and its subsidiaries. The AC also endeavours to adopt practices aimed at maintaining appropriate standards of corporate responsibility and integrity to the Company's shareholders.

b) Nomination Committee ("NC")

The NC oversees matters related to the proposing and nominating of new directors, annually review the required mix of skills, experience and other requisite qualities of directors as well as the annual assessment of the effectiveness of the Board as a whole, its committees and the performance & contribution of each individual director.

c) Remuneration Committee ("RC")

The RC is primarily responsible to determine and recommend to Board the remuneration framework for Directors as well as remuneration packages of Executive Directors and Top 5 Senior Management in all its form drawing for outside advice if necessary.

d) Risk Management Committee ("RMC")

The RMC is primarily responsible to review and oversee the risk management framework and the effectiveness of risk management of the company.

The Chairman of the respective Committees will report and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board for final decision. The Board may also delegate specific functions to ad hoc committees, a Director, employee or other person as and when required.

Details of the membership and a summary of the TOR of each Committee appointed by the Board are also published in the Company's website at www.astralasia.com.

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders including reports submitted to the regulators, the Board aims to present a clear and balanced assessment of the AAB Group's financial position and prospects.

The Board ensures that the financial statements of the AAB Group are prepared in accordance with applicable accounting reporting standards and the provisions of the Companies Act 2016 so as to give a true and fair view of the state of affairs of the AAB Group.

Annual Board Evaluation

The Board, through the NC, carries out evaluation on the effectiveness of the Board as a whole, each individual Director, the Board Committees and independence of Independent Directors on an annual basis. The findings of the evaluation are tabled at the NC meeting for discussion and subsequently reported to the Board. Where the Board deems appropriate, the evaluation may be carried out by a suitably qualified external party.

Directors' Training and Continuing Education

In addition to the mandatory training programs required by Bursa Securities, the Directors shall continue to update and enhance their knowledge and skills by attending appropriate training to enable them to discharge their duties effectively.

The Board shall evaluate and determine the training needs of the Directors from time to time.

Board Meetings

The Board will have a minimum of four (4) scheduled meetings annually, with additional meetings to be convened as and when necessary. Notice of meetings setting out the agenda and accompanied by the relevant Board papers are given to Directors at least seven (7) days before the meeting to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated. As a Group practice, any Director who wishes to seek independent professional advice in furtherance of his duties may do so at the Group's expense. Directors shall have access to all the information and records of the Company.

Annual General Meeting ("AGM")

The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.

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.

The Chairman encourages active participation by the shareholders during the AGM by serving notice earlier than the minimum notice period.

The Chairman and, where appropriate, the Managing Director responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

All resolutions tabled at general meetings are carried out by way of poll and the Board must announce the detailed result on each resolution.

Investor Relations & Shareholder Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

The Board ensures the timely release of financial results on a quarterly basis to provide shareholders and analysts with an overview of the Group's performance and operations in addition to the various announcements made during the year.

Relationship with Other Stakeholders

In the course of pursuing the corporate objectives of the Group, the Board recognises that no business organisation can exist by maximising shareholders value alone. In

this regard, the needs and interests of other stakeholders are also taken into consideration.

The Board is responsible for:-

1. ensuring the Group's strategies promote sustainability;
2. ensuring the rights of other stakeholders are not being compromised;
3. ensuring the Group has in place a policy to enable effective communication not just with shareholders, but with all stakeholders;
4. establishing policies governing the Group's relationship with other stakeholders and the broader community; and
5. establishing and maintaining environmental, employment and occupational health and safety policies.

Company Secretary

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

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 effectiveness functioning of the Board and to ensure regulatory compliance.

Other primary responsibilities of the Company Secretary shall include:-

1. Ensuring that Board procedures and applicable rules are observed;
2. Maintaining records of the Board and ensure effective management of organisation's records;
3. Preparing comprehensive minutes to document Board proceeding and ensure decision are accurately recorded;
4. Assist in the communication between the Board and management; and
5. Carrying out other functions deemed appropriate by the Board from time to time.

Directors' Code of Ethics

The Board has adopted a Directors' Code of Ethics which is to be observed by the Board at all times. The Board will review this Code of Ethics regularly to ensure that it continues to remain relevant and appropriate.

Directors' Fit & Proper Policy

The Board has adopted a Directors' Fit & Proper Policy which is to be observed by the Board at all times. The Board will review this Fit & Proper Policy regularly to ensure that it continues to remain relevant and appropriate.

Review of the Board Charter

The Board Charter shall be reviewed and may be amended by the Board as and when it deems appropriate to take into consideration the needs of the Company as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.