

ASTINO BERHAD BOARD CHARTER

PURPOSE

To sets out the role, responsibilities, structure and processes of the Board of ASTINO BERHAD (“Company or ASTINO”).

ROLES & RESPONSIBILITIES

The role of the Board is to provide leadership and strategic guidance for ASTINO and its subsidiaries companies (“the Group”) in addition to overseeing Management’s implementation of ASTINO strategic initiatives. 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.

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 matters relating to their sphere of responsibility.

The key responsibilities of the Board are as follows:

- review and approve strategies, business plans and significant policies and monitor management’s performance in implementing them;
- set corporate values and clear lines of responsibility and accountability that are communicated throughout the organization;
- overseeing and evaluating the conduct of the Company’s businesses;
- ensure there is internal control system and to review the adequacy and integrity of the systems of internal control;
- ensure the principal risk in the Group are identified, measured and with appropriate systems of internal control;
- evaluating and approving major capital expenditures and all major corporate transactions;
- approving annual forecast and monitoring the actual performance against forecast quarterly;
- ensure competent management; and
- appointment of board committees.

COMPOSITION AND BOARD BALANCE

The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.

Profiles of Board members are included in the Annual Report of the Company. The Chief Executive Officer (“CEO”) and the Executive Director(s) are the “Executive” Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior management when required.

The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.

The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The views of the Independent Directors should carry significant weight in the Board's decision-making process.

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 Chairman or the CEO have failed to resolve them. The Senior Independent Director chairs the meetings between the Non-Executive Directors where both the Chairman and Executive Directors do not attend.

APPOINTMENT

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee. In making this recommendation, the Nomination Committee considers the required mix of skills and experience, which the director should bring to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies

RE-ELECTION

In accordance with the Company’s Articles of Association, any additional Director appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election. The Articles also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting and all the Directors shall retire from office once in each three years but shall be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until next Annual General Meeting.

SUPPLY OF INFORMATION

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.

The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, 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.

A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting.

Amongst others, the Board papers include the following:

- a) Quarterly financial report and report on the Company's cash and borrowing positions;
- b) Minutes of meetings of all Committees of the Board;
- c) A current review of the operations of the Company;
- d) Reports on Related Party Transactions and Recurrent Related Party Transactions;
- e) Directors' share-dealings; and
- f) Annual forecast.

Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company aims to ensure a balance of power and authority between the Chairman and the CEO with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and CEO are separated and clearly defined.

Chairman

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- a) leading the Board in setting the values and standards of the Company;
- b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- c) ensuring the provision of accurate, timely and clear information to Directors;
- d) ensuring effective communication with shareholders and relevant stakeholders;
- e) arranging regular evaluation of the performance of the Board, its Committees and

- individual Directors;
- f) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.

The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.

The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.

The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

Chief Executive Officer (CEO)

- The CEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- The CEO has the executive responsibility for the day-to-day operation of the Company's business.
- The CEO implements the policies, strategies and decisions adopted by the Board.
- All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

BOARD COMMITTEES

Committees are formed to assist in the effective functioning of the Board. The Board delegate specific responsibilities to three (3) committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, which operates within clearly defined terms of reference and are consistent with the recommendations of the Malaysia Code On Corporate Governance 2012 ("Code").

Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required. The Chairman of the various committees will report to the Board on matters deliberated at the committee meetings and such reports are incorporated in the minutes of the Board meetings.

Details of the membership of each Committee appointed by the Board are published in the Annual Report.

A. Audit Committee

A.1 Composition

- (a) The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all the members must be Non-Executive Directors with majority of them being Independent Non-Executive Directors of the Company.

- (b) The Committee shall include at least one person who is a member of the Malaysian Institute Of Accountants or a person who must have at least three years' working experience and have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967 or is a member of the associations of accountants specified in Part II of the aforesaid schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- (c) No alternate Director shall be appointed as a member of Committee.
- (d) The Committee shall elect a chairman amongst its members who is an Independent Non-Executive Director.
- (e) If a member of the Committee resigns, dies or for any reason ceases to be a member with the results that the number of members is reduced to below three, the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.
- (f) The Nomination Committee shall review the terms of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

A.2 Duties & Responsibilities

The duties and responsibilities of the Committee shall be:

- (a) Review with the external auditors, the audit scope and plan, including any changes to scope of the audit plan.
- (b) Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- (c) Review the internal and external audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.
- (d) Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations.
- (e) Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
- (f) Review any appraisal or assessments of the performance of members of the internal audit function.
- (g) Review the adequacy and internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditor evaluation of the said systems.
- (h) Direct and where appropriate supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- (i) Review the quarterly and year-end financial statements of the Group before submission to the Board of Directors, focusing particularly on:-

- changes in or implementation of major accounting policies;
 - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
 - significant adjustment arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (j) Review and monitor any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity.
- (k) To continue disclose to the relevant authority in respect of any management or business arrangements entered into between the Company or the Group and its local or foreign associated and related companies, which may result in a conflict of interest situation.
- (l) Performing any other relevant duties assigned by the Board of Directors.

A.3 Quorum & Procedures

- (a) Meetings shall be conducted at least four times a year or more frequency as circumstances dictates and with the external auditors without the presence of any Executive Directors of the Company, as and when necessary.
- (b) The Company Secretary shall be the Secretary of the Committee. The Secretary with the concurrence of the Chairman shall draw up an agenda, which shall be circulated together with the relevant supporting documentation, at least seven days prior to each meeting to the members of the Committee. The minutes of each meeting shall be kept and distributed to members of the Committee and the Board of Directors.
- (c) In order to form a quorum for the meeting, the majority of at least two members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

A.4 Authority

The Committee is authorized by the Board to investigate any activity within the Committee's term of reference. It shall have full and unrestricted access to any information pertaining to the Group.

The Committee shall have direct communication channel with the external auditors and the senior management of the Group. The Committee shall also have the right to obtain outside legal or other independent professional advice whenever deemed necessary and to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

Where the Committee is of the view that a matter reported by the Committee to the Board has not been satisfactory resolved resulting in a breach of Bursa Malaysia Securities Berhad

(“Bursa Securities”) Main Market Listing Requirements, the Committee shall promptly report such matter to the Bursa Securities.

A.5 Reporting Procedures

The Chairman of the Committee shall report on each meeting to the Board. The Committee shall prepare reports, at least once a year, to the Board summarizing the Committee’s work during the year in discharging its duties and responsibilities and how it has met its responsibilities.

B. Nomination Committee

The Nomination Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from the Independent Directors.

B.1 Responsibilities

The Nomination Committee’s primary roles & responsibilities include:

- Leading the process for Board appointments and making recommendations to the Board;
- Assessing Directors on an on-going basis;
- Annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarization with the Company’s operations;
- Evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of Director;
- Review the time required from a Non-Executive Director. The performance evaluation should be used to assess whether the Non-Executive Director is spending enough time to fulfil their duties;
- Consider candidates from a wide range of backgrounds and look beyond the “usual suspects”
- Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.;
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace’; and
- To review the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

C. Remuneration Committee

The Remuneration Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from amongst the Independent Non-Executive Directors.

The Remuneration Committee will elect an Independent Non-Executive Director from amongst them as its Chairman.

The primary function is to set the policy framework for the remuneration of the Directors to ensure that the policy on Directors is sufficient to attract and retain Directors of the calibre needed to manage the Company successfully.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by the Board as a whole after taking into consideration the Remuneration Committee's recommendation.

The Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Directors and the Executive Chairman.

CODE OF CONDUCT

Under the Companies Act 1965, Directors, executive and non-executive, stand in a fiduciary relationship to the Company and shall at all times act honestly and use reasonable due diligence in the discharge of their duties. Directors shall at all times be highly responsible and observe the following codes:

- Act in good faith and in the best interest of the Company and its shareholders;
- Act honestly, fairly, in good faith, responsibly and with high accountability;
- Not to act beyond the power and authority conferred by the Company;
- Conduct oneself courteously, respectfully and professionally;
- Do not take improper advantage and abuse of position;
- Use prudent judgment to avoid getting into a position of conflict of interest for personal gain and to inform the Board of any existing or potential conflict of interest situation;
- Keep the Group's information confidential. The Group's information should not be disseminate to any third parties and should not be used for own personal benefits and gains;
- Not to make and/or receive improper benefits and gains of any kind that could affect objectivity of decision and judgement;
- To avoid any kind of unlawful and unethical discrimination and harassment;
- Maintain objectivity and ensure judgment will not be subordinated;
- Exercise independent judgment in decision making and provide sound and objective advice;
- Be accurate in representing the facts of the Company;
- Keep abreast with Company and industry developments;
- Strive to maintain the image and reputation of the Company;
- Devote adequate time and attention to discharge duties and responsibilities effectively
- Contribute actively to Board functions and provide special expertise and insights to the Board;
- Obligation and right to report for breach to the Code, any relevant law and regulation and policies and procedures of the Group as laid down under the Group Whistle-Blowing Policy;

- At all times complied with the Code, any relevant law and regulation and policies and procedures of the Group.

FINANCIAL REPORTING

The Company aims to present a balanced and comprehensive assessment of the Group's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.

The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

The Audit Committee assists the Board in ensuring the accuracy, adequacy and completeness of information for disclosure.

COMPANY AUDITORS

The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.

The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.

Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

INTERNAL AUDIT FUNCTION

The internal audit function may be outsourced and to be carried out by an independent professional consulting firm to assist the Audit Committee in discharging its duties and responsibilities. The internal audit activities shall be carried out in accordance with the internal audit plan which comprises the following:

- to review internal controls systems and ascertain the extent of compliance with the established policies, procedures and statutory requirements; and
- identifying areas to improve controls of operations and processes in the Group.

The findings by the internal audit function shall be presented to the Committee who will take steps to ensure that appropriate actions are to be taken to improve the internal control systems.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

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.

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.

The Annual General Meeting serves as an ideal opportunity to communicate with both institutional and individual shareholders. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business. All Directors shall be available to provide responses to shareholders' questions during these meetings.

The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

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 accountable to the Board through the Chairman of the Board and Committees on all governance matters.

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 Company Secretary should advise Directors of their obligations to adhere to matters relating to:

- disclosure of interest in securities;
- disclosure of any conflict of interest in a transaction involving the Company;
- prohibition on dealing in securities;
- restrictions on disclosure of price-sensitive information;

The Company Secretary must keep abreast of, and inform, the Board of current governance practices.

The Board members have unlimited access to the professional advice and services of the Company Secretary.

APPLICATION

The principles set out in this Charter are:

- kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
- applied in practice having regard to their spirit and general principles rather than to the letter alone;
- summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance;
- the Board endeavours to comply at all times with the principles and practices set out in this Charter; and
- any updates to the principles and practices set out in this Charter will be made available on the Company's website.