



T A A N N H O L D I N G S B E R H A D

(Company No. 419232-K) (Incorporated in Malaysia)

BOARD CHARTER



BOARD CHARTER

1. Introduction

The Board of Directors of Ta Ann Holdings Berhad ('Ta Ann') plays a pivotal role in the stewardship of the Company and is ultimately accountable and responsible for the performance and affairs of the Company. Board should provide strategic guidance and effective oversight of management, to ensure that the necessary financial and human resources are in place for the Company to meet its objectives and review management's performance. The Board should set the company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

All Board members are expected to act in a professional manner, thereby holding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

2. Objective of Board Charter

The objective of the Board Charter is to provide a term of reference for Directors setting out the roles, structure, composition and responsibilities of Ta Ann board of directors (the 'Board') and Board committees in line with the principles of good corporate governance.

3. The Board of Directors

3.1 Role and Responsibilities

- 3.1.1 The Board is charged with 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 Company are managed. The Board shall set the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.
- 3.1.2 The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the Malaysian Code of Corporate Governance 2012 ('MCCG'). The Board shall include a narrative statement in its Company's Annual Report on the extent of compliance with the principles and best practices in Corporate Governance pursuant to Paragraph 15.23 of the Listing Requirements ('LR').
- 3.1.3 The Board shall ensure that the Company complies with the various guidelines issued by Bursa Securities and the SC relating to disclosure and internal audit functions.
- 3.1.4 The Board shall meet 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.
- 3.1.5 Duties of the Board shall 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.
- 3.1.6 The Directors shall assume the following principal responsibilities:
 - Reviewing and adopting a strategic plan for the Group;
 - Providing the entrepreneurial leadership and overseeing the conduct of the Group's business to ensure it is properly managed;



- Identifying the principal risks and ascertaining adequate measures to manage the risks so identified;
- Overseeing the human resource development process including succession planning;
- Developing and implementing an investor relations programme/shareholder communications policy;
- Reviewing the adequacy and the integrity of the Group's internal control system and management information of the Group.

3.1.7 The Board shall delegate the day-to-day management of the Group to the CEO and management team but reserves significant matters such as the following for deliberation and decision-making in the Board meeting:

- Corporate plans and strategy direction;
- Approval of annual operational, financial and capital budgets;
- Approval of financial results;
- Review of Group's performance and discussion of factors/issues that may significantly affect Group's performance;
- Declaration of dividends;
- Approval of new ventures, material acquisitions/disposals and corporate exercises;
- Power delegation to management and setting of management limits;
- Risk appetite setting and risk management issues.

3.2 Board Structure

3.2.1 The Company's Articles of Association ('Constitution') stipulates a minimum of two (2) Directors.

3.2.2 The Board shall consist of members having good mix of skill and experience to optimise performance and strategy so as to steer the Group towards achieving the set vision and goals.

The Board shall be in the appropriate composition and size to have a balance of executive and non-executive directors and to achieve the independent elements of non-executive directors. At least 2 directors or one-third of the directors shall be independent directors.

3.2.3 An Independent Director is considered an individual who meets the requirements prescribed in Practice Note 13 of the LR. In essence, he

- is not a representative of a shareowner who has the ability to control or significantly influence management;
- has not been employed by the Company or the group of which it currently forms part, in any executive capacity for the preceding two financial years.

3.2.4 The Independent Directors provide independent judgement and objective assessment of issues and risk without being influenced by operational consideration. This will help in ensuring the interests of all shareholders are taken into consideration.

The Board shall identify an Independent Non-Executive Director to be the Senior Independent Non-Executive Director to whom concerns and queries from shareholders, or matters on sensitive issues such as those arising from "whistle blowing" may be directed. The responsibilities of the Senior Independent Non-Executive Director shall, among other things include:

- Ensuring that information on agenda items is adequately given well in advance of meeting for independent directors to provide input on the agenda.



- Advising the Chairman on the quality and quantity and timelines of information submitted by the management for the independent directors to carry out their duties efficiently.
- Consulting the Chairman on board meeting schedules to ensure efficient time is allowed for deliberation of agenda items by the independent directors.

4. Role of Chairman and Chief Executive Officer

The Board shall be headed by the Chairman. There shall be a distinctive division of responsibility between the Chairman and the Chief Executive Officer ('CEO'). The Chairman is responsible for corporate affairs and development, and ensuring the Board effectiveness, while the Chief Executive Officer is the overall in charge of operation and the implementation of the Board's policies and decisions.

4.1 Chairman

The Chairman shall undertake, among others, the following responsibilities:

- Leading the Board in setting the values and standards of the Company;
- Managing the corporate affairs and development;
- Monitoring the workings of the Board, especially the conduct of Board meeting;
- Ensuring that all relevant issues for the effective running of the Group's business are on the agenda;
- Ensuring that quality information to facilitate decision-making is delivered to Directors on a timely basis;
- Facilitating the effective contribution of all Directors at Board meetings;
- Ensuring effective communication with shareholders and investors.

4.2 CEO

The responsibilities of CEO shall include the following:

- To act as conduit between the Board and the Management in ensuring the success of the Company's governance and management functions;
- To establish the corporate plan for sustained growth of the Group and execute the Board's policies and decisions;
- To develop business strategies to meet the immediate performance targets without neglecting the longer-term growth opportunities of the Group;
- To lead and supervise the management team in day-to-day activities to ensure the efficiency and effectiveness of the Group operation;
- To provide strategic vision and to propose for Board's consideration such new business opportunities assessed to be feasible and beneficial for the Group.
- To bring up for Board discussion matters of material or significant impact and issues requiring the Board's attention.

5. Board Committees

The Board may, from time to time, establish and, subject to the delegated authority in the Company's Constitution, delegate powers to committees to assist in the discharge of its duties and responsibilities. The following committees have been formed to carry out their roles stipulated in their respective terms of reference approved by the Board:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee



5.1 Audit Committee

- 5.1.1 The Audit Committee comprises at least three (3) members, a majority of whom are Independent Directors.
- 5.1.2 No alternate Director can be appointed as a member of the Audit Committee.
- 5.1.3 The Audit Committee will elect an Independent Director from amongst them as its Chairman.
- 5.1.4 The functions of the Audit Committee are to review the following and report the same to the Board:
 - 1. to review
 - a) with the external Auditor, the audit plan;
 - b) with the external Auditor, their evaluation of the system of internal controls;
 - c) with the external Auditor, scope of their audits and their audit reports;
 - d) the assistance given by the employees of the Company and Group to the external auditors;
 - e) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - g) any appraisal or assessment of the performance of members of the internal audit function;
 - h) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - i. changes in or implementation of major accounting policy changes and practices;
 - ii. significant and unusual events; and
 - iii. compliance with applicable approved accounting standards in Malaysia and other legal and regulatory requirements;
 - i) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - j) the adequacy and effectiveness of risk management, internal control and governance systems;
 - k) any letter of resignation from the external auditors of the Company;
 - l) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
 - m) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed;
 - 2. to assess the performance of the external auditors and to recommend to the Board the nomination of a person or persons as external auditors and the external audit fee;
 - 3. to approve the appointment or termination of senior staff members of the internal audit functions;
 - 4. to take cognizance of resignation of internal audit staff members and provide resigning staff an opportunity to submit the reasons for resigning; and
 - 5. to consider an other matters as appropriate and within its terms of reference or as authorised by the Board.



- 5.1.5 The Audit Committee shall meet at least quarterly to carry out its functions. The Audit Committee is also responsible for recommending the person or persons to be nominated to act as the external Auditor and the remuneration and terms of engagement of the external Auditor.
- 5.1.6 The CEO, General Manager, Head of Internal Audit and the Financial Controller may attend the meetings only at the invitation of the Audit Committee.
- 5.1.7 The Board will review the performance of the Audit Committee annually.

5.2 Nomination Committee

- 5.2.1 The Nomination Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from the Independent Directors.
- 5.2.2 The Nomination Committee will elect an Independent Director from amongst them as its Chairman.
- 5.2.3 The Nomination Committee's primary responsibilities shall include:
 - a) leading the process for Board appointments and making recommendations to the Board.
 - b) assessing Directors on an on-going basis.
 - c) annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarization with the Company's operations.

5.2.4 Duties

The Nomination Committee will:

- a) Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
 - b) 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.
 - c) Review Directors' time commitment to fulfil their duties.
 - d) Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future.
 - e) 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.
 - f) 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.
 - g) Make a statement in the Annual Report about its activities.
- 5.2.5 The Committee will make the following recommendations to the Board:
- As regards plans for succession for Directors and Senior Management to maintain an appropriate balance of skills on the Board;
 - As regards the re-appointment of any Non-Executive Director at the conclusion of their specified term of office;
 - Concerning the re-election by shareholders of any Director under the retirement by rotation provisions in the Company's Constitution; and
 - Concerning any matters relating to the continuation in office of any Director at any time.



5.3 Remuneration Committee

- 5.3.1 The Remuneration Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from amongst the Independent Non-Executive Directors.
- 5.3.2 The Remuneration Committee will elect an Independent Non-Executive Director from amongst them as its Chairman.
- 5.3.3 The Remuneration Committee's primary responsibilities are to review the compensation and personnel policies, to review and recommend to the Board the remuneration package of Executive Directors in all forms including establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Directors and the Executive Chairman. The determination of remuneration packages of Non-Executive Directors shall be a matter for the Board as a whole.

5.4 Risk Management Committee

The Risk Management Committee assists the Board in fulfilling its corporate governance responsibilities by monitoring and reviewing the corporate policies for identifying and managing relevant risks associated with the business of the Group, and the adequacy of management's practices and procedures in implementing these policies.

The chairman of the respective committees shall report the reviews conducted by the committees and recommendations made to the Directors in the ensuing Board meeting.

The Board periodically reviews the Committee's terms of reference and operating procedures. Each year, the Board shall, through the Nomination Committee, review the effectiveness of the Board committees and committee members.

6. Appointment And Re-election of Directors

- 6.1 The Nomination Committee shall identify and assess suitable candidate for recommending to the Board for appointment as new director to fill in any casual vacancy. In making the recommendation to the Board, the Nomination Committee shall consider the mix of skill and experience required of a director. The appointment of a new member to the Board is to be made only after assessment and recommendation by the Nomination Committee.
- 6.2 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- 6.3 Upon the appointment of a new Director, the Company Secretary shall advise the Director of his/her principal duties and responsibilities and explain the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, the Director is provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
- 6.4 All Directors appointed by the Board are subject to election by the shareholders in the immediate annual general meeting ('AGM') following their appointment. One-third of the existing remaining Directors are to retire by rotation and subject to re-election at each AGM annually and all Directors including the Managing Director are subject to re-election once in every three years.

6.5 Succession planning



- 6.5.1 The Board as a whole shall be responsible for selecting its own members and in recommending them for election or re-election by the shareholders and to select, monitor, evaluate and replace the CEO and other senior executives when necessary.
- 6.5.2 The Board has delegated the screening process involved to the Remuneration and Nomination Committee with the direct input from the Chairman of the Board and the CEO (as appropriate).

7. Directors' Orientation And Training

- 7.1** The Company shall have an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.
- 7.2** All new Directors shall be required to attend the Mandatory Accreditation Programme prescribed by Bursa Securities.
- 7.3** In addition to the Mandatory Accredited Programme (MAP), Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

8. Directors' Remuneration

- 8.1** The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.
- 8.2** The level of remuneration for the CEO and Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. Executive Directors' remuneration will be reviewed annually by the Remuneration Committee for the approval of the Board.

9. Board Meetings

The Board shall meet at least four (4) times a year, with additional meetings convened when urgent and important discussions need to be taken between the scheduled meetings. Due notice of each meeting and matters to be dealt with is to be given.

For each meeting, a review of outstanding matters from previous meeting shall be made. Agenda for meeting shall include periodically a range of matters reserved for Board deliberation. Discussion of current issues which may significantly affect the business of the Group and input by non-executive directors shall be encouraged.

10. Access To Information And Independent Advice



- 10.1** The Company shall provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- 10.2** 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, shall assess 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.
- 10.3** A full agenda and comprehensive Board papers shall be circulated to all Directors well in advance of each Board meeting.
- 10.4** 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 and financial performance of the Company;
 - d) Reports on Related Party Transactions and Recurrent Related Party Transactions;
 - e) Directors' share-dealings, including public shareholdings spread; and
 - f) Annual Management Plans.
- 10.5** Full Board minutes of each Board meeting shall be kept by the Company Secretary and are available for inspection by any Director during office hours.
- 10.6** Each Director shall be entitled to seek independent professional advice at the Company's expense so as to ensure that the director is able to make independent and informed decisions.

11. Financial Reporting

11.1 Transparency

- 11.1.1 The Company shall aim to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 11.1.2 The Directors shall 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.
- 11.1.3 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.
- 11.1.4 The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

11.2 Company Auditors



- 11.2.1 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.
- 11.2.2 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.
- 11.2.3 Appointment of the Company Auditors is subject to approval of shareholders at AGM. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

11.3 Internal Controls and Risk Management

- 11.3.1 The Company has a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.

12. Relationship with Other Stakeholders

12.1 Employees

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

12.2 Environment

- 12.2.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- 12.2.2 The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- 12.2.3 The Company supports initiatives on environmental issues.

12.3 Social Responsibility

- 12.3.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.
- 12.3.2 The Company supports charitable causes and initiatives on community development projects.



13. Code Of Ethics

The Code of Ethics ("The Code") appended at the **Appendix** hereof shall be observed by Directors. The Board will review the Code regularly to ensure that it continues to remain relevant and appropriate.

14. Review Of The Board Charter

The Board Charter has been adopted by the Board on 26 February 2013.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

CODE OF ETHICS

A. OBJECTIVES

This Code of Ethics is formulated to enhance the standard of corporate governance and corporate behavior with a view to achieve the following objectives:

1. To establish standards of ethical conduct for directors based on acceptable belief and values one upholds.
2. To uphold the spirit of social responsibility and accountability in line with the legislations, regulations and guidelines governing a company.

B. CODE OF CONDUCT

In the performance of his duties, a director should at all times observe the following Codes:

1. Corporate Governance

- 1.1 Should have a clear understanding of the aims and objectives, capabilities and capacity of the company;
- 1.2 Should devote time and effort to attend meetings and to know what is required of the board and each of its directors, and to discharge those functions;
- 1.3 Should ensure at all times that the company is properly managed and effectively controlled;
- 1.4 Should stay abreast of the affairs of the company and be kept informed of the company's compliance with relevant legislations and contractual requirements;
- 1.5 Should insist on being kept informed on all matters of importance to the company in order to be effective in corporate management;
- 1.6 Should limit his directorship of companies to a number in which he can best devote his time and effectiveness; each director is an own judge of his abilities and how best to manage his time effectively in the company in which he holds directorship;
- 1.7 Should have access to the advice and services of the company secretary, who is responsible to the board to ensure proper procedures, rules and regulations are complied with;
- 1.8 Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the company;
- 1.9 Should disclose immediately all contractual interests whether directly or indirectly with the company;
- 1.10 Should neither divert to his own advantage any business opportunity that the company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;

- 1.11 Should at all times act with utmost good faith towards the company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties; and
- 1.12 Should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the company is at stake.

2. Relationship with Shareholders, Employees, Creditors and Customers

- 2.1 Should be conscious of the interest of shareholders, employees, creditors and customers of the company;
- 2.2 Should at all times promote professionalism and raise competency of management and employees; and
- 2.3 Should ensure adequate safety measures and provide proper protection to workers and employees at work places.

3. Social Responsibilities and the Environment

- 3.1 Should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with governmental authorities or regulatory bodies;
- 3.2 Should ensure effective use of natural resources, and to improve quality of life by promoting corporate social responsibilities; and
- 3.3 Should be more proactive to the needs of the community and to assist in society related programme in line with the aspirations of the concept of 'Caring Society' in Vision 2020.