

CENTURY BOND BHD

(Company No.228669-V)
(Incorporated in Malaysia)

Board Charter

1. Purpose of this Board Charter

- 1.1. This Charter sets out the functions, roles and responsibilities of the Board of Directors ('Board') of Century Bond Bhd ('CBB or the Company') and its subsidiaries ('CBB Group') to ensure that the Board's practices are consistent with and reflect the Board's commitment to best practices as prescribed in Corporate Governance 2012 ('Code').
- 1.2. The Charter ensures that the CBB Group has appropriate corporate governance structures aimed at creating and protecting shareholders' value and that all Board members are aware of their duties and responsibilities as Board members.
- 1.3 This Charter was approved by the Board of CBB on 18 July 2014 and is reviewed every two years to ensure it remains consistent with the Board's objectives and responsibilities and as and when the need arises.

2. Composition, Roles and Functions of the Board

2.1. Composition

2.1.1. Size of the Board

In accordance with Article 107, until otherwise determined by General Meeting, the number of Directors including a Managing Director shall not be less than two (2) nor more than twelve (12).

Board Charter(Continued)

In accordance with Paragraph 3.04 of Bursa Malaysia Listing Requirements, CBB will ensure that at least two (2) directors or one-third of the Board of Directors, whichever is higher, are Independent Directors. If the number of directors is not 3 or multiple of 3, then the number nearest one-third shall be used for purposes of determining the requisite number of Independent Directors.

2.1.2. The size and balance of the Board is determined by the Board with the assistance of a Nomination Committee ('NC') during its review and evaluation carried out annually. The Board of CBB is currently comprised of Nine Directors with an appropriate balance of:

- Five Executive Directors;
- One Non-Independent Non-Executive Director; and
- Three Independent Non-Executive Directors.

The Independent Non-Executive Directors are persons of calibre, credibility and have the necessary skills, competencies, commitment and experience to bring independent judgement to bear on issues of strategy, performance and resources including key appointments and standards of conduct.

2.2 New Appointment

2.2.1 New appointments to the Board are only made after consultation with the NC. In line with the Recommendations of Malaysian Code of Corporate Governance 2012 ('MCCG 2012'), it is the Board's policy to keep the positions of Chairman and Managing Director distinct and held by separate individuals to ensure a balance of power and authority in the Board.

2.3 Chairman

2.3.1 The Chairman of the Board is an Independent Non-Executive Director and his role and responsibilities is set out under Section 3 of this Charter.

Board Charter(Continued)

2.4 Diversity

- 2.4.1 Where possible, and the appropriate candidates identified, the Board shall ensure that women candidates are recruited as Board Members to meet the objectives of boardroom diversity as recommended under MCCG 2012. The Board has set a policy that at least one member of the Board will be of the female gender.

2.5 Management

- 2.5.1 The Management and day-to-day management responsibilities is delegated to the Group Managing Director whose roles and responsibilities are set out under Section 4 of this Charter assisted by four (4) Group Executive Directors and assisted by Senior Management Executives.

2.6 Roles and Responsibilities

- 2.6.1 The powers and duties of the Directors are as set out in the Articles of Association and as prescribed at law.
- 2.6.2 At law, the Board of Directors under *Section 131B* of the Companies Act, 1965, has all the powers necessary for managing and for directing and supervising the management of the business and affairs of CBB subject to any modification, exception or limitation set out under the Companies Act, 1965, or in the Memorandum & Articles of Association of the CBB Group.
- 2.6.3 At law, the Directors are required at all times to exercise their powers for a proper purpose and in good faith, in the best interest of CBB to ensure that the business and affairs of CBB is properly managed under the direction of the Board of Directors.
- 2.6.4 The Board assumes ultimate accountability and responsibility for the stewardship of CBB including those expounded under MCCG 2012 as follows:

Board Charter(Continued)

- Reviewing and approving of corporate strategies and plans, monitoring their implementations through the annual budget and financial plans.
- Overseeing and monitoring the conduct and performance of the Company's/Group's business.
- Overseeing the process for identifying principal risks and ensuring that appropriate control systems, monitoring and reporting mechanism are in place to effectively monitor and manage these risks.
- Appointing and assessing the performance of the Group Managing Director, the Group Executive Director and overseeing succession plans for the senior management team.
- Overseeing the development and implementation of a shareholders communication policy for enhancing and protection of the reputation of the CBB Group.
- Reviewing and overseeing the adequacy and the integrity of the management information and control systems of the CBB Group.
- Ensuring that CBB adheres to high standards of ethics and corporate behaviours.

2.6.5 Matters reserved for the Board

The Board has specifically reserved the following matters for decision by the Board:

- Acquisitions of Business/Investments.
- Divestments and Disposals of Business/Investments.
- Overseas Equity Venture.
- Corporate Finance and Proposals.
- Terms of key/main agreements not within the ordinary course of business.
- Acquisition and disposal of Properties and Motor Vehicles.
- Acquisition and Disposal of Fixed Assets, other than Properties and Motor Vehicles, for amounts RM500,000 and above per transaction.

Board Charter(Continued)

- Disposal and write offs of Fixed and Current Assets, for amounts RM500,000 and above.
- Material expenditure other than Capital Expenditure not within the ordinary course of business, for amounts RM100,000 and above.
- Bank borrowings and finance arrangements.

3 Chairman of the Board

The Chairman is primarily responsible for :

- The leadership of the board and facilitating the effective contribution of all directors at Board meetings, ensuring that no member dominates discussions and that appropriate discussions and opinions amongst members are forthcoming.
- Representing the Board to shareholders and chairing General Meeting of shareholders.
- The efficient organisation and conduct of the Board's functioning, including establishing the agenda for Board meetings in consultation with the Group Managing Director, chairing Board meetings and ensuring that the Board behaves in accordance with the Code of Ethics and Conduct for Directors.
- Ensuring that new directors receive a full, formal and tailored induction on joining the Board. The letter of appointment should set out the director's expected time commitment.
- The promotion of constructive and respectful relations between directors, and between the board and management.
- Ensuring that the views of shareholders are communicated to the Board as a whole, and that governance and strategy issues are discussed with major shareholders.

4. Group Managing Director

4.1 The Group Managing Director is appointed by the Board of Directors and is subject to the control of the Board. The Group Managing Director is responsible for the day to day management of the CBB Group with all powers, discretions and delegations authorised from time to time by the Board.

Board Charter(Continued)

4.2 The Group Managing Director's primary responsibilities include:

- Overall responsibility over the business units and day to day management of the Group, organisational effectiveness and implementation of Board policies, strategies and decisions.
- The development (in conjunction with the Board) and implementation of short, medium and long-term corporate strategies for the Group, preparing business plans and reports with senior management and reporting/presenting to the Board on current and future initiatives.
- Providing leadership, supervision and control in managing a team of executives responsible for all functions contributing to the success of the Group.
- Ensuring that the Group has the appropriate risk management practices and policies in place.
- The assessment of business opportunities which are of potential benefits to the Group.
- Bringing material and other relevant matters to the attention of the Board in an accurate and timely manner.
- Appointing and, where appropriate, removing senior executives, including the Chief Financial Officer and the Company Secretary, with the approval of the Board.
- Evaluating the performance of senior executives.
- Ensures that the operational planning and control systems are in place.
- Monitoring performance results against plan.
- Directing and monitoring all aspects of the business operations in a cost effective manner.
- Effectively oversees the human resources of the Group to ensure that key positions in the Group's management structures, including succession planning and talent retention are adequately addressed.
- Ensures the Group's corporate identity, products and services are of acceptable high standards and reflective of the market environment in which the Group operates in.
- Assists the Chairman in ensuring that accurate quality and timely information flows to the Board for establishing the agenda for Board and Committee meetings.

Board Charter(Continued)

In discharging his responsibilities, the Group Managing Director can delegate and assign appropriate functions and responsibilities to the Group Executive Director and senior management personnel while retaining overall control and responsibility.

5. Individual Board Members

5.1 The roles and responsibilities of Individual Board Members include:

- Strictly observe the provisions, regulations, guidelines and other relevant requirements under the Company's Articles of Association, the Companies Act, 1965, the Main Market Listing Requirements, the Securities Commission and Capital Market Securities Act, 2007 and such other applicable statutes, and to maintain strict confidentiality on the use of the Company's information.
- Responsibility to inform the Board before accepting any other directorships in listed Company/subsidiaries of listed issuers.
- Attendance of Continuing Education Programme which are relevant to the Company's operations and business.
- Review, adoption and monitoring of strategic plans/directions for the Company.
- Review and adoption of Corporate objectives of Company which includes performance appraisals, long-term and medium term goals attainment.
- Oversee the resources and operational conduct of the Company's businesses and to determine whether the businesses are being properly managed.
- Identify principal risks of the Company and to ensure the implementation of appropriate internal controls and mitigation measures.
- Succession planning for Senior Management, including the implementation of appropriate systems for recruiting, training, determining the appropriate compensation benefits and where necessary replacing any member of the Senior Management.
- Oversee the development and implementation of a shareholders' communication policy or investors' relations programme for the Company, to enable effective communication with its shareholders and stakeholders.

Board Charter(Continued)

- Review the adequacy and integrity of the Group’s internal control systems and information management systems which includes appropriately sound framework/systems of reporting and to ensure regulatory compliance with applicable laws, regulations, rules, directives and guidelines.

6. Board Committees

The Board delegates certain responsibilities to the various Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities.

6.1 Audit Committee (“AC”)

The AC was established to provide assistance to the Board in relation to fulfillment of the Board’s statutory as well as fiduciary responsibilities and ensure that the internal and external audit of the CBB Group are being carried out adequately and effectively. The functions and responsibilities of the AC are set out in its Terms of Reference.

6.2 Nomination Committee (“NC”)

The NC was established to provide assistance to the Board in relation to fulfillment of the Board’s statutory and fiduciary responsibilities in respect of its nomination responsibilities. The functions and responsibilities of the NC are set out in its Terms of Reference.

7. Independence of Directors

7.1 Definition under Listing Requirement

The definition of an Independent Director is as set out in Para. 1.1 of Chapter 1 of the Main Market Requirements and further clarified and discussed under Practice Note 13 issued by Bursa.

Board Charter(Continued)

CBB's Board does not believe that it is practically possible to list down all the criteria which are appropriate to characterise in all circumstances, the independence of a Director. It is the approach of the Board when considering a Director's Independence to critically assess their independence taking into consideration all relevant factors, including the abovesaid definition and explanations under this Section and that such assessment must be applied with common sense and the Directors themselves are best able to determine if they have an interest or relationship which is likely to impact on their independence.

Each Director is expected to advise the Chairman immediately if he/she believes they may no longer be independent. Should the Chairman or any other Director have any concern about the Independence of a Director, he/she must immediately raise the issue with that Director during a Board Meeting.

Where the independent status of a Director is lost, this is to be disclosed immediately by way of an announcement to Bursa Malaysia.

8. Access to Information, Independent Advice and Continuing Development

8.1 The Board and Committees have access to all information pertaining to the Company.

All Board members have direct access to the advice and services of the Company Secretary.

Board and Committee papers on matters and issues to be considered and deliberated are furnished to all Board/Committee members at the earliest practicable time prior to meetings.

The Group Managing Director/Group Executive Directors, senior management personnel and appropriate external advisers/consultants are available to brief, report and advise in meetings of the Board and Board Committees.

Board Charter(Continued)

- 8.2 Board members are entitled to request and receive any such additional information as they consider necessary to support informed decision making. Any Board member has the authority to seek any information he/she requires from any employee of the CBB Group and all employees must comply with such requests.

Any significant issues raised by a Director are to be communicated to the Chairman, Senior Independent Director or Group Managing Director.

- 8.3 Any Board member may take such independent legal, financial or other advice as they may consider necessary, at CBB's cost and expense.

Any Director seeking such independent advice must first discuss the request with the Chairman, who must then agree and approve of this course of action and will facilitate obtaining such advice and, where appropriate, disseminate the advice to all Directors.

- 8.4 The Board has the authority to conduct or direct any investigation required to fulfill its responsibilities and has the authority to retain at the Company's expense, such legal, accounting or other services, consultants, advisers or experts as it considers necessary from time to time in the performance of its duties.

9. Procedures for Appointment of Directors

- 9.1 The Board's procedures for appointments to the Board are viewed as a vital component of the governance process in determining the composition, size, balance competencies and ultimately the quality of the Board.

CBB has a formal and transparent procedure established for the appointment of new Directors to the Board.

The NC is responsible for reviewing, proposing and recommending potential new Directors taking into consideration the current and future needs of the Company.

Board Charter(Continued)

10. Quorum at Board Meetings

10.1 In accordance with Article 132, the quorum necessary for the transaction of the business of the Directors shall be two (2).

11. Induction

11.1 The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.

11.2 Induction of Directors may include, but not limited to, the following:

- Furnishing of a copy of the previous board minutes for at least the past six (6) months; the business/strategic plan, pertinent Management reports; profile of key competitors and significant reports by management consultants on areas of board responsibilities;
- Visits to key sites; and
- A formal one (1) to two (2) day induction programme, including the elements above, and also presentations from various divisions on their strengths, weaknesses and ambitions.

12. Evaluation of Board Performance

12.1 Evaluation of the Board Performance

The Board through the NC evaluates the performance of the Board as a whole, the Board Committees, the Individual Directors and the Independence of the Independent Directors on an annual basis.

The evaluation criteria and process is in accordance with the procedure that has been established, endorsed and approved by the Board following the recommendation made by the NC.

Board Charter(Continued)

The Board evaluation process is carried out by way of peer assessment, in the form of evaluation questionnaires completed, reviewed and deliberated by the NC before its findings and recommendations tabled to the Board.

The Evaluation process in respect of the Independence of the Independent Directors is carried out by way of peer assessment in the form of evaluation questionnaires and supported by an annual declaration by the respective Independent Director on his/her independence.

The completed evaluation questionnaires are then reviewed and deliberated by the NC before its findings and recommendations tabled to the Board for decision.

The evaluation criteria and process shall be reviewed at least once every three (3) years or as and when there are new regulatory provisions in place to ensure those criteria remain relevant and appropriate.

13. Corporate Disclosure Policy

The Board has adopted a Corporate Disclosure Policy which takes into consideration the Guidance set out under Bursa Malaysia Securities Berhad's Corporate Disclosure Guide issued in September 2011.

The Corporate Disclosure Policy aims to strengthen the Board's commitments to good corporate governance and ensure that all stakeholders are provided with comprehensive, accurate and quality information on a timely and even basis.

The Corporate Disclosure Policy is set out as a Separate Document and is accessible on the Company's website : www.centurybond.com.

14. Shareholders Communication Policy

The Board has adopted a Shareholders Communication Policy in respect of communicating with its shareholders.

Board Charter(Continued)

The Shareholders Communication Policy is set out as a Separate Document and is accessible on the Company's website : www.centurybond.com.

15. Secretary

15.1 The Company Secretary will be the Secretary of the Board.

15.2 Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows between members of the Board and the Board Committees, and between senior management and non-executive directors, as well as facilitating the induction of new directors and assisting with each director's professional development, as required.

15.3 All directors have access to the advices and services of the Company Secretary.

16. Code of Conduct and Business Ethics Policy

The Board has adopted a Code of Conduct and Business Ethics Policy to enhance the standards of Corporate Governance and Behaviour as a guide for the Directors and employees from the Executive level upwards.

17. Review

17.1 The Board will review this Charter as and when the need arises to keep it current and relevant at all times.

17.2 This Board Charter was last reviewed and revised on N/A.

18. Publication/Availability

A copy of this Charter is available from the Company's website: www.centurybond.com.