

**AEMULUS HOLDINGS BERHAD
(1114009-H)**

BOARD CHARTER

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1. INTRODUCTION

The Board of Directors (“Board”) of Aemulus Holdings Berhad (“Aemulus” or “the Company”) recognises Corporate Governance as being vital and important to the success of Aemulus and its Group of Companies’ (“Group”) businesses and is committed to applying the principles necessary to ensure that the principles of good governance are practised in all of its business dealings in respect of its shareholders and relevant stakeholders.

The Board is the focal point of the Company’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company and is also committed to achieving the highest standards of business integrity, ethics and professionalism across the Aemulus Group’s activities.

2. OBJECTIVE

The primary objective of the Board Charter is to set out the roles and responsibilities of the Board of Directors and various Board Committees of the Company as well as the composition and processes related to key governance activities. It will also assist the Board in the assessment of its own performance and of its individual Directors.

3. ROLES AND RESPONSIBILITIES

3.1 ROLE OF BOARD

- i. The Board has the following major responsibilities, which facilitate the discharge of the Board’s stewardship in the pursuit of the best interest of the Company:-
 - a) Reviewing, approving and monitoring the overall strategies and direction of Group;
 - b) Overseeing and evaluating the conduct and performance of the Group’s businesses;
 - c) Identifying the principal risks and implementing appropriate system to manage such risks;
 - d) Reviewing the adequacy of the Group’s internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - e) Ensuring that appropriate plans are in place in respect of the succession plan of the Group, including appointing, training, fixing compensation of the Directors;

- f) Ensuring senior management has sufficient calibre and a succession plan is in place to ensure continuity of management.
- ii. In addition, the following are matters reserved for the decision of the Board:-
- a) Approval of business strategy and group operational plan and annual budget;
 - b) Acquisition and disposal of assets of the Company or its subsidiaries that are material in nature;
 - c) Approval of investment or divestment in a company / business / property / undertaking;
 - d) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities;
 - e) Any other significant business direction;
 - f) Corporate proposal on fund raising;
 - g) Compensation and remuneration of directors and key senior officers;
 - h) Approval of the limits of authority for the Company;
 - i) Approval on change in the composition of Board and Board Committees;
 - j) Approval of terms of reference of board committees and amendments to such terms;
 - k) Approval of interim and annual financial statements;
 - l) Approval of interim dividends, the recommendation of final dividends and the making of any other distribution;
 - m) The entering into any indemnities or guarantees;
 - n) Recommendation for the alteration of the Memorandum and Articles of Association of the Company;
 - o) Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders;
 - p) Any other matters requiring the Board's approval under the limits of authority of the Company;
 - q) Any other matters as may be required by the laws or the governing authorities.

3.2 ROLE OF INDIVIDUAL DIRECTORS

- i. Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities. Broadly these include:
- a) acting in good faith and in the best interests of the Company as a whole;
 - b) acting with care and diligence and for proper purpose;
 - c) avoiding conflicts of interest with the Company in a personal or professional capacity;
 - d) refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.
 - e) Commit the time necessary in discharge their duties as a director.

- ii. Directors will keep all information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their own interest.

3.3 ROLE OF INDEPENDENT DIRECTORS

- i. The independent directors are independent from Management and have no relationships that could interfere with the exercise of their independent judgement. They play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The responsibilities include the following:-
 - a) To protect the interest of minority shareholders, stakeholders and the general public;
 - b) To enhance the independence and objectivity of the Board's deliberation from the executive arms;
 - c) To mitigate any possible conflict of interests between the policy-making and the day-to-day management;
 - d) To constructively challenge and contribute to the development of strategies;
 - e) To ensure that the Board uses adequate systems and controls to safeguard the interest of the Company;
 - f) To provide the check and balance function to the Board.

3.4 ROLE OF SENIOR INDEPENDENT DIRECTOR

- i. The Board shall identify an independent director to be the senior independent non-executive director. The responsibilities of the senior independent non-executive director are as follows:-
 - a) Serve as designated person to whom concerns pertaining to the Group may be conveyed by shareholders and the public;
 - b) Ensure all independent directors have opportunity to provide input on the matters being discussed.

3.5 ROLE OF CHAIRMAN

- i. The Chairman leads the Board and is responsible for the effective performance of the Board.
- ii. 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) Overseeing and leading the Board in ensuring the effective performance of the Board;
 - b) Ensuring orderly conduct and proceedings of the Board and general meetings and

is responsible for managing the business of the Board to ensure that:

- All Directors are properly briefed on issues arising at Board meetings.
- Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
- Relevant issues are included in the agenda of Board meetings
- All Directors actively participate in the Board's discussion
- All Directors receive the accurate, timely and clear information
- No Board members (whether executive or non-executive) dominates the discussion.

c) Ensuring compliance with all relevant regulations and legislation.

iii. Should the Chairman be absent from a meeting, the members of the Board present at the meeting may choose one of their number to chair the said meeting.

3.6 ROLE OF CHIEF EXECUTIVE OFFICER

i. The roles and responsibilities of the Chief Executive Officer are as follows:-

- a) Overseeing the day-to-day operations and management to ensure the smooth and effective running of the Group;
- b) Responsible for the development and implementation of the strategies, objectives, strategic policy and direction of the Group and to keep the Board informed of any deviation;
- c) Responsible for overall system of control is in place for the Company;
- d) To monitor closely operating financial results in accordance with plans and budgets;
- e) To ensure an effective and motivated management team and its succession planning;
- f) Providing strong leadership, i.e. effectively communicating a vision, management philosophy and business strategy to employees.

3.7 ROLE OF COMMITTEES

The Board appoints the following Board Committees with specific Terms of Reference to assist the Board in performing its duties and discharging its responsibilities more efficiently and effectively:

Audit Committee

Nomination Committee

Remuneration Committee

3.7.1 Audit Committee

i. The Audit Committee shall comprise not less than three (3) members, all of whom

shall be Non-Executive Directors and the majority of whom must be independent.

At least one (1) member of the Audit Committee:-

- a) must be a member of the Malaysian Institute of Accountants; or
 - b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and
 - he must have passed the examination specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act, 1967; or
 - c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad.
- ii. No alternate Director can be appointed as a member of the Audit Committee.
 - iii. The Audit Committee will elect an Independent Director from amongst them as its Chairman.
 - iv. The Audit Committee will meet not less than four times a year to carry out its functions on a Terms of Reference approved by the Board.
 - v. The Board will review the performance of the Audit Committee once in every three (3) years.

3.7.2 Nomination Committee

- i. The Nomination Committee shall be made up of at least three (3) members, composed exclusively of non-executive Directors, a majority of whom are independent non-executive Directors.
- ii. The Board shall appoint the Nomination Committee Chairman who should be an Independent Non-Executive Director.
- iii. The Nomination Committee will at least meet once a year to assess the effectiveness of the Board and the contribution of individual directors and determines the training needs of directors. The Nomination Committee functions on a Terms of Reference approved by the Board.

3.7.3 Remuneration Committee

- i. The Remuneration Committee shall be made up of at least three (3) members, consisting exclusively or majority of non-executive directors.
- ii. The Board shall appoint the Remuneration Committee Chairman who shall be an Independent Non-Executive Director.

- iii. The Remuneration Committee will meet at least once a year to review the remuneration packages of the directors, key senior officers of the Company and its subsidiary company. The Remuneration Committee functions on a Terms of Reference approved by the Board.

4. BOARD MEMBERSHIP GUIDELINES

4.1 Size and Composition

- i. To ensure the composition of the Board make up of directors including at least 2 directors or one third of independent directors in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.
- ii. In accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company must ensure that at least 2 directors or 1/3 of the Board, whichever is the higher, are independent directors. If the number of directors of the Company is not 3 or in a multiple of 3, then the number nearest 1/3 must be used.
- iii. In the event of any vacancy in the board of directors, resulting in the non-compliance with paragraph 4.1(ii) above, the Company must fill the vacancy within 3 months.
- iii. Pursuant to the Articles of Association of the Company, the number of Directors shall not be less than 2 and not more than 12.

4.2 Separation of Roles of Chairman and Chief Executive Officer

- i. The roles of the Chairman and Chief Executive Director of Aemulus are distinct. The distinct and separate roles of the Chairman and Chief Executive Officer, with a clear division of responsibilities, ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.

4.3 Nomination and Appointments

- i. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee. The Nomination Committee will consider the required mix of skills, experience, other qualities and diversity, including gender, where appropriate, which the Director should bring to the Board.
- ii. 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.

- iii. All newly appointed Directors will be subject to retirement at the next Annual General Meeting and is eligible for re-election.

4.4 Re-election

- i. One-third (1/3) of the Directors for the time being, or if their number is not three (3) or in a multiple of three (3), then the number nearest one-third (1/3) shall retire from office and be eligible for re-election. Provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

4.5 Tenure of Independent Director

- i. The tenure of an Independent Director shall not exceed a cumulative term of nine years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval.

4.6 Time commitment of for accepting new directorships

- i. Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company. Any Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

5. PERFORMANCE

5.1 Directors' Assessment / Board Evaluation

- i. The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole. The Board reviews and evaluates its own performance on an annual basis.

5.2 Directors' Training and Development

- i. In addition to the mandatory programmes as required by the Bursa Malaysia Securities Berhad, Board members are encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Nomination Committee and the Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the trainings attended by the Directors.

- ii. Newly appointed Board members, when taking up office, are to attend the Company's induction program, where they will be briefed on the operations of the Group to increase their understanding of the business and the environment and markets in which the Group operates.

6. MEETINGS

6.1 Board meetings

- i. The Board is to meet at least four times a year with additional meetings convened as and when necessary. At each scheduled meeting, the Board shall consider, include amongst others, the following:
 - a) Quarterly financial report and report on the Company's Financial Analysis and Debtors Ageing Report;
 - 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 (if any);
 - e) Directors' share-dealings; and
 - f) Announcements made to Bursa Malaysia Securities Berhad.
- v. Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.
- vi. The Board may also exercise control on matters that require Board's approval through Directors' Circular Resolutions.

6.2 Conduct of Board Meetings

- i. Board meetings should be conducted in orderly manner where all Directors are encouraged to participate in the discussions. All decisions of the Board are based on majority decision and no individual Board member can make any decision on behalf of the Board, unless duly authorised by the Board.

The Chairman, assisted by the Company Secretary, should monitor technical matters which include the matters states in item 3.5(ii)(b) above.

6.3 Quorum of the Board meetings

The quorum shall be two.

7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

- i. Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfill their responsibilities and permit independent judgment in decision making.
- ii. Directors will be entitled to:
 - a) unrestricted access to all information pertaining to the Group's business and affairs;
 - b) access to members of the senior management via the Chief Executive Officer at any time to request relevant and additional information or seek explanations;
 - c) have access to internal and external auditors, without management present to seek explanations or additional information; and
 - d) seek independent professional advice at the Group's expense, to advise them on specialised issues for the purpose of decision-making or in furtherance of their duties.

8. CONFLICTS OF INTERESTS

- i. Directors must:
 - a) disclose to the Board any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
 - b) take any necessary and reasonable measures to try to resolve the conflict; and
 - c) comply with the Companies Act, 1965 provisions on disclosing interests and restrictions on voting.
- ii. If a conflict or potential conflict situation exists, it is required that the conflicted Director shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that states that those directors are satisfied that the interest should not disqualify the director from being present.
- iii. Directors are expected to advise the Chairman and/or the Company Secretary of any proposed Board or executive appointment to other companies as soon as practicable.

9. RELATIONSHIP OF THE BOARD

An organisational chart has been adopted to set out the relationship between the Board, the Management and its Board Committees. The said organisational chart sets out each individual's responsibility, authority and reporting lines.

10. CODE OF CONDUCT AND ETHICS

10.1 The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and the core areas of conduct include the following:-

i. Compliance with Laws and Regulations

Directors shall comply with the laws and regulations governing their conduct. Directors shall familiarise with legislations or regulations that are relevant to their directorship. The Board shall also observe high standards of corporate governance at all times.

Business of the Group shall be conducted in compliance with applicable laws and regulations.

The Group aims to provide a safe working environment for its Directors, employees, customers and business partners. The Company shall adhere to applicable industry practice and laws to protect the health, safety and wellbeing of employees, customers and other business partners.

ii. Duties to act in the best interest of the Group

Act in good faith and in the best interests of the Company and the Group. Directors and employees shall make decisions solely on merit, without regard for personal gain or material benefit for their family or friends, when carrying out the business of the Group.

Any actual or potential conflicts of interest shall be disclosed to the Management and/or Board of Directors and where such circumstances are allowed by Management and/or Board of Directors to continue, shall not be deemed a breach of this code.

iii. Integrity and honestly

The Directors and/or employees shall not place themselves under any financial or other obligation to any person that might reasonably be thought to influence them in the performance of their duties.

Directors and employees have a duty to act honestly and declare any personal, professional or business interests that may conflict with their duties and responsibilities, and take steps to resolve any conflicts arising in a way that protect the interest of the Group.

iv. Fair Dealing

All business dealings shall be conducted in a fair and equitable manner.

All commercial transactions shall be properly and accurately recorded and documented.

Corrupt practices, whether directly or indirectly through intermediaries, are unacceptable. No bribes or improper payments, gifts or inducements will be made or, or accepted from any party, irrespective of business customs or practices. Nonetheless, in recognition of the reality of commercial and business practices, the Group acknowledges that modest gifts and reasonable entertainment are acceptable as part of the normal course of business provided that such gifts or entertainment are not supplied, or received, in circumstances indicating an inducement or reward has been given or received.

v. Confidentiality

Directors and employees shall keep confidential all information that would reasonably be considered to be confidential including but not limited to terms and conditions of transactions entered into by the Group, financial details and policies and procedures of the Group.

- 10.2 The Board will review the Code of Conduct and Ethics regularly to ensure that it continues to remain relevant and appropriate.

11. REVIEW

- i. The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.