



**XIDELANG HOLDINGS LTD**  
**Bermuda Company No. 43136**  
**Malaysian Foreign Company Registration No. 995210-W**

# BOARD CHARTER

Approved and Adopted by the Board of Directors  
Date: 25 March 2016

## 1. Introduction and Purpose

The primary objective of the Board of Directors (“Board”) of Xidelang Holdings Ltd (“the Company”) is to build long-term shareholder value with due regard to other stakeholder interests. It does this by setting strategic direction and context, such as the Company’s mission, vision and values, and focusing on issues critical for its successful execution such as staffing, performance and risk management. The Board is also responsible for overseeing the Company’s corporate governance framework.

The purpose of this Board Charter is to promote high standards of corporate governance and to clarify the roles, responsibilities, functions, compositions, operation and processes of the Board. This is intended to ensure that all the Board members acting on behalf of the Company are fully aware of discharging their duties and responsibilities to the Company. This Charter also serves as a source of reference and primary induction material to provide insights to prospective Board members and senior management. In addition, it also assists the Board in the assessment of its collective performance and that of its individual Directors.

## 2. Role of Chairman

The role and responsibilities of the Chairman include:-

- (a) Provide leadership to the Board.
- (b) Ensure the efficient organisation and conduct of the Board.
- (c) Monitor Board’s performance annually.
- (d) Facilitate Board’s discussions to ensure core issues faced by the Company are addressed.
- (e) Brief all Directors in relation to issues arising at Board meetings.
- (f) Facilitate the effective contribution and ongoing development of all Directors.
- (g) Promote consultative, constructive, professional and respectful relations between Board members and between the Board and management.
- (h) Chair shareholder meetings.

## 3. Role of Individual Director

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:-

- (a) Act in good faith and in the best interests of the Company as a whole.
- (b) Act with care and diligence and for proper purpose.
- (c) Avoid conflicts of interest wherever possible.
- (d) Refrain from making improper use of information gained through the position of director and from taking improper advantage of the position of director.
- (e) Support the letter and spirit of Board decisions.
- (f) Keep Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their or their employers’ interest.

- (g) Compliance with applicable securities legislations and Listing Rules.
- (h) Have access to and attending appropriate continuing education programs.
- (i) Notify the Chairman of the Board before accepting any new directorship.

#### **4. Role of Managing Director/Chief Executive Officer**

The role and responsibilities of the Managing Director (“MD”)/Chief Executive Officer (“CEO”) include:-

- (a) Perform executive management of the Company’s business covering, inter alia, the development of a strategic plan/budget; performance benchmarks to gauge management performance and the analysis of management reports.
- (b) Ensure the effective implementation of the Company’s strategic plan and policies established by the Board as well as managing the daily conduct of the business to ensure its smooth operation.
- (c) Effectively oversee the human resources of the Company with respect to key position in the corporate hierarchy.
- (d) Assure the Company that its corporate identity, products and services are of high standards and are reflective of the market environment.
- (e) Assess business opportunities which are of potential benefit to the Group.
- (f) Supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Company and the Group.
- (g) Highlight material and other relevant matters to the Board’s attention in a comprehensive and timely manner.

#### **5. Role of Deputy Chief Executive Officer**

The role and responsibilities of the Deputy CEO include:-

- (a) Provide assistance and support to the MD/CEO to carry out his/her responsibilities.
- (b) To assume the role of MD/CEO in the absence of MD/CEO.

#### **6. Role of Chief Operating Officer**

The role and responsibilities of Chief Operating Officer include:-

- (a) Monitor and manage day-to-day operations of the Company and keeping the MD/CEO and/or Deputy CEO aware with the significant events of the Company.
- (b) Ensure company’s operation in line with the short and/or long term strategic planning of the Company.
- (c) Communicate operation strategy(ies) and policy(ies) to employees.
- (d) Evaluate Company’s performance and provide suggestions and solutions to improve/resolve identified issue(s).

## 7. Board Size and Composition

The Board should include a balance of executive directors and non-executive directors (including independent non-executive directors) such that no individual or small group of individuals can dominate the Board's decisions making.

The composition and size of the Board are reviewed from time to time to ensure their appropriateness and effectiveness.

The Board should comprise:-

- (a) Independent non-executive directors according to the applicable Main Market Listing Requirements ("Listing Requirements").
- (b) Directors with an appropriate range of skills, experience, and expertise.
- (c) Directors who have a proper understanding of, and competence to deal with current and emerging issues of the business.
- (d) Directors who can effectively review and challenge the performance of the management and exercise independent judgement.

## 8. Board Committee

The Board may discharge any of its responsibilities through committees of the Board in accordance with applicable company laws/regulations of the relevant countries Listing Requirements. The Board has established:-

### a. Audit Committee

The Audit Committee reviews the performance, and recommends to the Board the selection and retention, of the Company's independent auditors. The Audit Committee reviews the internal auditors and the independent external auditors overall scope and results of their respective audits, internal accounting and financial controls, action plans being taken to monitor and control the Company's major risk exposure.

*The Terms of Reference of Audit Committee is set up as per Annexure A.*

### b. Nomination Committee

The Nomination Committee sets criteria for Board membership; searches for and screens candidates to fill Board vacancies; recommends appropriate candidates for election each year and, in this regard, evaluates individual Director's performance; assesses overall Board performance and considers issues regarding Board composition and size.

*The Terms of Reference of Nomination Committee is set up as per Annexure B.*

c. Remuneration Committee

The Remuneration Committee evaluates the performance of the Board members and recommends their compensation to the Board annually; reviews and approves senior management's compensation, where appropriate.

*The Terms of Reference of Remuneration Committee is set up as per Annexure C.*

**9. Board Meetings**

- (a) The Board shall meet regularly with due notice of issues to be discussed.
- (b) The Board shall records its deliberations, issues discussed and the conclusions in discharging its duties and responsibilities.
- (c) The Board shall disclose the number of board meetings held in a year and the details of attendance of each individual director in respect of meetings.
- (d) Information shall be supplied to the directors at least 7 days prior the meeting in order for them to discharge their duties.
- (e) The attendance of the meetings by the Management, other appropriate officer, employee of the Company and any other persons shall be at the Board's invitation and discretion and must be specific to the relevant meeting.
- (f) The following matters should be periodically included in the board agenda:-
  - Business planning.
  - Direction and strategy formulation, including review.
  - Risk Management issues and resolutions.
  - Budget, approval and monitoring against actual performance, including variance reporting.
  - Funding requirements.
  - Formulation and monitoring of key company policies.
  - Evaluation of management's performance.
  - Corporate exercise, e.g acquisitions, mergers, divestments and takeovers.
  - Regulatory changes that impact upon the Company's business.
  - Emerging business issues.
  - Corporate disclosures and announcements.
  - Investors and stakeholders relations.
  - Litigation matters against the Company.

**10. Quorum**

Two (2) members of the Board shall constitute a quorum at any meeting.

## 11. Roles and Responsibilities of the Board

The following accountabilities and responsibilities have been adopted by the Board:

### a. Strategy and Planning

- Formalise strategies to promote sustainability, particularly on environmental, social and governance aspects of business.
- Disclose sustainability policies and their implementation in annual report and on corporate website.
- Review strategic position, current strategies and alternative strategies.
- Approve strategic and/or major projects and capital expenditure.
- Review post-implementation assessments of those projects and capital expenditure audits.
- Approve operational plans and budgets.
- Review strategic planning processes and consider and approve changes.

### b. Board Processes and Policies

- Set out clearly respective roles and responsibilities of Board and management.
- Undertake regular review of division of responsibilities Board and management.
- Agree on corporate objectives, performance targets and long-term goals to be met by the CEO/Deputy CEO or the Senior Management Team.
- Review, challenge and approve management proposal on strategic plan.
- Monitor implementation of strategic plan by management.
- Oversee performance of management.
- Ensure measures are in place to assess management's performance.
- Identify principal risks and ensure systems are in place to monitor and manage risks.
- Ensure succession planning for senior management positions.
- Ensure policies for effective communication with shareholders and stakeholders are in place.
- Justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years.
- Ensure adequacy and integrity of management information and internal control systems.
- Formalise ethical values that permeates throughout the Company through a Code of Conduct.
- Undertake periodic review of Code of Conduct.
- Define and execute a policy dealing with conflicts of interest.
- Ensure the Board members able to access to accurate and complete information on a timely manner to discharge Board duties effectively.
- Ensure the Board members able to consult advisers and seek independent professional advice at the Company's expense through an agreed procedure.
- Ensure the Board is supported by a suitably qualified and competent Company Secretary in carrying out its roles and responsibilities.

- Formulate, periodically review and make public its Board Charter to set out the Board's strategic intent, key values, principles and ethos of the Company, sets out the processes and procedures for convening Board meetings, includes division of responsibilities and powers between Board and Management, the different Board committees and between the Chairman and MD/CEO/Deputy CEO.
- Decide the role, responsibilities and composition of Board committees.

c. Staffing

- Define required Board competencies and number and profile of Board members.
- Appoint Board members.
- Approve induction programs for new Board members and ongoing education programs.
- Ensure easy access to internal and external sources of information and advice.
- Manage performance of the Board as a whole and of the individual members.
- Select and appoint the MD/CEO and Deputy CEO.
- Review criteria/qualification of MD/CEO and Deputy CEO performance and provide counseling and mentoring if and when required.
- Review the performance of senior management and the Company Secretary.
- Approve executive succession plans, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management.

d. Remuneration

- Set remuneration and contracts of Executive Directors.
- Set remuneration and contract of the MD/CEO and Deputy CEO.
- Approve remuneration of senior management members on the recommendation of the MD/CEO and Deputy CEO, where appropriate.
- Any other executive incentive schemes.

e. Capital Management and Financial Reporting

- Approve capital requirements and strategic allocation of the Company.
- Monitor and review the capital and solvency positions of the Company.
- Approve half-yearly accounts, full year accounts and Annual Report.
- Approve dividend policy and dividend payments.
- Approve major financial arrangements.

f. Performance monitoring

- Approve relevant financial and non-financial Key Performance Indicators (KPI's) to be reported by the Management.
- Review KPI's monthly at a high level and exception basis.
- Consider and approve any action/remediation plans to be implemented.

*g. Risk Management and Internal Control*

- Formalise the Risk Management Policy and Framework for the Group.
  - Review risk management resources, structures, processes; consider and approve changes.
  - Approve risk management strategies.
  - Determine the procedures in place are designed to ensure that assets of the Company are safeguarded.
  - Ascertain the systems are adhered to applicable laws, regulations, rules, directives and guidelines.
  - Ascertain all transactions of the Company are duly authorised and recorded as necessary to enable the preparation of true and fair financial statements and their related disclosures as required by the Company.
  - Establish an internal audit function which reports directly to the Audit Committee.
  - Ensure commitment to articulate, implement and review the Company's internal control system.
  - Conduct periodic testing of effectiveness and efficiency of internal control procedures and processes to ensure system's viability and robustness.
  - Internal auditors should carry out their functions according to standards set by recognised professional bodies.
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- Internal auditors should conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal control processes within the Group.
  - Ensure the Company has appropriate corporate disclosure policies and procedures.
  - Establish, review in timely manner, the internal corporate disclosure policies and procedures ("Internal CDPP") which shall comply with the respective regulations.

*h. Audit and Compliance*

- Appointment of external auditors and agree their remuneration.
- Define the scope of the external audit function.
- Review the control environment, audit and compliance resources, structure and processes; consider and approve changes.
- Approve the definition of significant audit and compliance issues.
- Review significant audit and compliance issues, consider and approve action and remediation plans.

*i. Management Information Systems*

- Encourage the Company to leverage on information technology for effective dissemination of information.
- Consider wider use of information technology in communicating with stakeholders.



- Ensure all the public information of the Group is of accuracy and completeness.

## 12. Board Performance Assessment

The Board shall via its committee conduct an annual evaluation/assessment of the overall effectiveness of the Board. These assessments shall include:-

- (a) Structure.
- (b) Board Operations.
- (c) Board Roles and Responsibilities.
- (d) Board Committees.
- (e) Independent Directors.

## 13. Schedule of Matters Reserved for the Board

The following matters (including changes to any such matters) require approval from the Board, except where they are expressly delegated to a Committee of the Board, the MD/CEO/Deputy CEO or the Chief Financial Officer.

### (a) Strategy and Direction

- Establishment of:-
  - i. The Group's overall strategic direction and strategic plans for each of the Group's major business units, including the extension of the Group's activities into:-
    - New geographic areas involving substantial sovereign risk.
    - Substantially new business areas.
  - ii. The Group's key business and financial objectives.
  - iii. The Group's dividend policy and the approval or recommendation of any dividend pursuant to that policy.
- Approval of acquisitions or disposals of assets which exceed the authority limits delegated to the Managing Director, Chief Executive Officer or the Chief Financial Officer.
- Decisions to cease operating all or any material part of the business of the Group.

### (b) Financial Controls, Compliance and Risk Management

- Establishment of the Group's annual operating and capital expenditure budgets.
- Treasury policies, including foreign currency exposure and policies on the use of financial derivatives.

- Approval of the Group's financial statements and published reports, including the Directors' report, the Group's corporate governance, corporate social responsibility and annual review and other significant statements to the press, stock exchange and/or shareholders.
- The establishment and annual review of the effectiveness of the Group's systems of internal control and risk management processes.
- Matters impacting on compliance with statutory and regulatory obligations
- The prosecution, defense or settlement of litigation which is substantial in terms of the implications for the Group.
- Approval of the overall levels of insurance for the Group, including Directors' and Officers' liability insurance and indemnity arrangements for Directors.
- Approval of any significant changes in accounting policies or procedures.

(c) Corporate Capital Structure

- Changes to the Group's capital structure, including reductions of share capital, share buy-backs or issue of new securities.
- Substantial changes to the Group's capital or internal corporate structure.
- Changes to the Company's status as a public Company or as a listed entity.

(d) Appointments

- Appointments to the Board, following a review by the Board's Nomination Committee.
- The appointment or removal of external auditors (on the recommendation of the Audit Committee).
- The appointment or removal of the Company Secretary.

(e) Delegation of Authority

- Changes to the membership or Terms of Reference of any committee of the Board.
- Changes to the authority delegated to the MD/CEO/Deputy CEO or the Chief Financial Officer.
- Matters which exceed the authority delegated to the MD/CEO/Deputy CEO or the Chief Financial Officer.

(f) Policies

The establishment and amendment of substantial policies affecting the Group as a whole, including:-

- Code of Conduct.
- Share dealing codes for Directors and senior executives.
- Group Health and Safety Policies.
- Group Environmental Policies.
- Continuous Disclosure and Communications Policies.
- Corporate Social Responsibility Policy.
- Internal CDPP.

(g) Others Matters

- Resolutions and related documentation to be put to shareholders in general meeting.
- Approval of circulars and listing particulars.
- Approval of announcements and press releases concerning matters decided by the Board.