



LEON FUAT BERHAD
[Reg. No. 200601036648 (756407-D)]

BOARD CHARTER

1. BOARD RESPONSIBILITIES

The Board of Directors ("Board") is responsible for the proper stewardship of the Company and its subsidiaries (collectively "Group"). The Group is to ensure the maximisation of shareholder's value and safeguarding the stakeholders' interests including securing sustainable long-term financial results and increasing shareholder value, with proper social, environmental and governance considerations.

The Board is also responsible to promote an effective execution of good corporate governance and a corporate culture of ethical conduct especially among its members and generally that would permeate throughout the Company.

The Board has the following major responsibilities, which facilitate the discharge of the Board's fiduciary and leadership functions in the pursuit of the best interest of the Group:-

- (a) Adopting and reviewing a strategic plan of the Group;
- (b) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed and sustainable;
- (c) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- (d) Succession planning, including appointing, training, fixing the remuneration of and where appropriate, replacing senior management personnel of the Group;
- (e) Developing and implementing an investor relations programme by way of analyst report for the Group and pro-active communication with shareholder during the general meetings of the Company; and
- (f) Reviewing the adequacy and integrity of the Group's risk management and internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The matters listed below (not exhaustive) are reserved for the collective decision of the Board:-

1.1 Conduct of the Board

- (a) Appointment of new Directors, Chief Executive Officer, Group Managing Director or Chairman of the Company and their duties and the continuation (or not) of their service;
- (b) Appointment and removal of board committees and members;
- (c) Appointment and removal of company secretaries;
- (d) Changes to Constitution, Board Charter and terms of reference of board committees;
- (e) Alterations of capital and new issuance of securities;
- (f) Modification to class rights;
- (g) Corporate restructurings;
- (h) Significant related party transactions and capital financing; and
- (i) Other transactions requiring Board and shareholders' approval.

1.2 Remuneration

- (a) Upon recommendation by the Remuneration Committee on the directors' fee/ remuneration arrangements for Non-Executive Directors, the Board shall deliberate and make recommendation to the shareholders for approval.
- (b) Approval of the remuneration structure, policy and packages of Directors and Senior Management Personnel.

1.3 Operational

- (a) Approval of business strategic and group operational plan.
- (b) Ongoing review of performance against business strategic and group operational plan, including monitoring of key risks and risk management policies and actions.
- (c) Approval of significant capital expenditure as may be determined from time to time proposed by the Management.
- (d) Approval of investment or divestment in a company/ business/ property/ undertaking.
- (e) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities.
- (f) Approval of changes in the major activities of the Group.
- (g) Approval of the limits of authority for the Company.

1.4 Financial

- (a) Approval of interim and annual financial statements.
- (b) Approval for the release of financial announcements.
- (c) Approval of Annual Report and Statutory Accounts of the Group.
- (d) Approval of interim dividends, the recommendation of final dividends and the making of any other distribution subject to solvency test.
- (e) Adoption of accounting policies.
- (f) Review the effectiveness of the Group's system of internal control. This function is delegated to the Audit Committee which will in turn report to the Board on its findings.

2 BOARD MEMBERSHIP GUIDELINES

2.1 Composition

The Board is responsible for determining an appropriate mix of skills, knowledge, experience, expertise and diversity objective of the Company so as to effectively supervise the Company's business activities and ensure that the interest of the stakeholders is protected. The size and composition of the Board is reviewed from time to time and subject to the provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and other applicable rules, regulations guidelines.

The Constitution of the Company provides for a minimum of two (2) directors and a maximum of ten (10).

2.2 Chairman

The Chairman represents the Board to the shareholders. The Chairman is responsible for ensuring the integrity and effectiveness of the governance processes of the Board and will consult with the Board promptly over any matter that gives him cause for major concern.

The responsibilities of the Chairman include:-

- Managing Board communications and Board effectiveness and effective supervision over Management;
- Creating conditions for good decision making during Board and shareholder meetings;

- Ensuring Board proceedings are in compliance with good conduct and best practices;
- Maintaining good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations; and
- Ensuring that quality information to facilitate decision-making is delivered to the Board on timely manner.

2.3 Executive Deputy Chairman

The roles and responsibilities of the Executive Deputy Chairman include:-

- To take the role of the Chairman when the Chairman is unavailable;
- Deputising for the Chairman in chairing, organising and leading board meetings when the Chairman is not available;
- Oversight of business directions and strategies of the Group;
- Overseeing overall management of the operations of the Group including guiding the Managing Director and Executive Directors on the running of the business operations; and
- Keeping in close contact with the Chairman on key corporate and governance issues.

2.4 Group Managing Director

The responsibilities of the Group Managing Director include:-

- Formulating the strategic direction of the Group in line with the sustainable long-term financial results and increasing shareholder value;
- Ensuring the day to day management and business affairs of the Group is effectively managed;
- Ensuring that the Group's strategies and corporate policies are effectively implemented;
- Ensuring that Board decisions are implemented and Board directions are adhered to;
- Providing directions in the implementation of short and long term business plans;
- Ensuring that the Company has in place adequate risk management and internal controls in compliance with policies and procedures approved by the Board;
- Providing strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- Keeping Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is distributed to the Board members;
- Ensuring high performance and productivity of senior management personnel by creating appropriate conditions for senior management personnel motivation, performance management and professional development; and
- Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance.

2.5 Non-Executive Directors/Independent Directors

The responsibilities of Non-Executive Directors/Independent Directors include:-

- Provide independent, objective and impartial views, assessment and suggestions in deliberations of the Board;
- Provide the relevant checks and balances during board deliberations and safeguard shareholders' and other stakeholders' interests, while ensuring high standards of corporate governance are applied; and
- Constructively challenge and contribute to the development of the business strategies and direction of the Company.

2.6 Senior Independent Non-Executive Director

The Board shall appoint amongst its members a Senior Independent Non-Executive Director to act as a point of contact for investors and shareholders when the normal channel of communication is considered to be inappropriate or inadequate.

The Senior Independent Non-Executive Director shall have specific responsibilities which include:-

- (c) To serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through normal channels of contact with the Chairman or Group Managing Director; and
- (d) To serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues.

3 BOARD STRUCTURES AND PROCEDURES

3.1 Board Committees

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the Committees to assist in the execution of its responsibilities. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference, which are available for reference at the company's website.

The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes are included in the Board papers for endorsement/notation.

The Board shall at all time exercise collective oversight of the Committees and Management and would not delegate matters to the Committees or Management to an extent that would significantly hinder or reduce the Board's ability to discharge its functions. Regular reviews on the roles and responsibilities of the Committee would be conducted, when the need arises, to ensure that the Company is able to adapt to changing business circumstances.

The Board Committees of the Company are as follows:-

Audit Committee - The Audit Committee assists the Board in regard to financial reporting, audit and risk management, which include ensuring integrity in financial reporting, effectiveness of risk management and internal control framework and overseeing the independence of the external and internal auditors.

Nomination Committee - The Nomination Committee assists the Board in the selection and appointment as well as evaluation of the performance of the Directors and Board Committees.

Remuneration Committee - The Remuneration Committee assists the Board in reviewing and recommending the appropriate remuneration policies and packages of the Directors and senior management.

3.2 Board Meetings

The Board conducts at least 5 scheduled meetings annually and additional meetings will be convened as and when necessary. At each scheduled meeting, the Board shall consider, where applicable, the following matters:-

- (a) The financial results;
- (b) Consider and, if deem appropriate and subject to solvency test, declare or recommend the payment of dividends to shareholders;

- (c) Review the reports and recommendations of the Board Committees;
- (d) Approve the quarterly report and quarterly financial statements for announcement to Bursa Securities ;
- (e) Matters which are reserved for its collective decision;
- (f) Significant capital expenditure and acquisitions;
- (g) Significant disposal of the Company or the Group's assets;
- (h) Major issues and/or opportunities;
- (i) Committee minutes/ Board circular resolutions for notation;
- (j) Changes in directorships and disclosure of interests;
- (k) Disclosure of dealings by directors/ principal officers; and
- (l) Any other matter requiring its authority.

3.3 Ethical Standards and Legal Duties

Board members are required to observe the Company's Code of Ethics and Conduct and are expected to uphold the ethical standards and corporate behaviour described in the Code.

The Board will operate in a manner reflecting the values of the Group and in accordance with corporate governance guidelines, the Constitution and all other applicable laws and regulations.

With respect to prevention of corruption and bribery, the Board has established the Anti-Bribery and Anti-Corruption Policies, Whistleblowing Reporting Channel as well as review the Group's corruption risk periodically to seek assurance that the Group's anti-corruption compliance policies and framework are adequate and effective.

3.4 Declaration of Interest

Each Director has a fiduciary and statutory duty not to place themselves in a position which gives rise to, or is perceived to give rise to, a real or substantial possibility of conflict, whether it be a conflict of interest or conflict of duties.

If a Director becomes aware that he has a direct or indirect interest in an existing or proposed transaction or arrangement with the Company, he shall, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Directors of the Company or by a written declaration.

Interests in proposed transactions should be notified before the transaction is entered into and each Director has an ongoing duty to update any changes in these interests. The Director concerned should abstain from deliberation and voting at the meeting during the relevant discussion or decision. Any potential conflicts of interest declared shall be recorded in the Board minutes.

3.5 Access to Independent Professional Advice

In discharging their duties, the members of the Board, either collectively or individually, is entitled to obtain independent professional advice in furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

3.6 Company Secretary

The appointment and removal of Company Secretary or Secretaries of the Board shall be the decision of the Board.

The Company Secretary is responsible for ensuring that Board procedures are followed and that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

The key role of the Company Secretary is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

3.7 Acceptance of New Directorships

Directors are required to notify the Chairman before accepting any new directorships in other companies. The Directors should devote sufficient time to carry out his duties and responsibilities as Directors of the Company.

3.8 Board Appointments

The Board through the Nomination Committee is responsible for identifying and nominating suitable candidates for appointment as new Directors to the Board; and reviewing the existing Directors seeking for re-election.

Before recommending to the Board, the Nomination Committee will carry out fit and proper assessment to ensure that the established criteria as set out in the adopted Fit and Proper Policy of the Company are met; besides to ensure that the candidates or Directors for appointment or re-election are not disqualified to act as Director of the Company under the prevailing laws or regulations applicable to the Company.

4. ACCOUNTABILITY AND AUDIT

4.1 Internal controls and risk management

The Board ensures the Company's risk management and internal control framework and practices are adequate and effective. The Board ensures a review on the adequacy and effectiveness of the risk management and internal control system is undertaken annually, and there are no significant control failures or weaknesses that will result in material misstatements, losses or fraud. The Board ensures that an assurance from the Group Managing Director and Chief Financial Officer to the Board is obtained annually confirming the Company's risk management and internal control system are adequate and effective taking into account all significant aspects.

4.2 Financial reporting

The Board reviews reports and recommendations of the Audit Committee, deliberates and approves quarterly and annual assessments of the Group's position and prospects prior to the timely release to Bursa Securities and/or shareholders. The Board is responsible for ensuring that the financial statements give a true and fair view of the state of the affairs of the Company and the Group and have been prepared in accordance with applicable accounting standards in Malaysia and the provisions of the Act.

4.3 Auditors

The Board, through the Audit Committee, maintains a formal and transparent professional relationship with the auditors, both external and internal, and ensures the Company has transparent procedures with the auditors in line with the auditors' professional requirements. The Audit Committee reviews and deliberates with the external auditors any issues arising from the interim and final audits, audit plans, audit findings and any matters of concern.

5. DIRECTORS REMUNERATION

The Board will consider the recommendation of the Remuneration Committee on payment of performance-related remuneration to Executive Directors and/or Key Management Personnel which is linked to individual and corporate performance measured against the achievement of pre-determined performance targets which are closely aligned to the Company's objectives.

The Remuneration Committee shall, while formulating the remuneration policy ensure that:-

- (a) the level and composition of remuneration is reasonable and sufficient to reward, retain and motivate Directors and Key Management Personnel of the quality required to run the Company successfully; and

- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks, commensurate with the position and responsibilities of the Directors and Key Management Personnel.

The remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors including their appointment in Board Committees.

6. BOARD ASSESSMENT

The Nomination Committee conduct annual assessment on the effectiveness of the Board as a whole, the Board Committees, the performance of individual Directors and the independence of the Independent Directors. The Nomination Committee analyse and discuss the findings of the assessment with the Board, including recommendations for change or improvement.

The aim of the Board assessment is to ensure the Board members, individually and collectively, work efficiently and effectively in achieving their responsibilities as set out in the Board Charter and or the respective Terms of Reference of the Board Committees. All assessments and evaluations carried out are formally and properly documented.

7. DIRECTORS' TRAINING

The Directors will undergo continuing training and education programs to equip and keep themselves updated and abreast on the latest and new developments in order to discharge their duties and responsibilities more effectively. The Board will assess the training needs of the Directors and the Directors are also required to attend any such courses or training as may be decided by the Board pertaining to the new developments in laws, regulations, governance or commercial risks but also in respect of the Group's industries and businesses and operations which may affect the Board and the Group.

8. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board ensures timely release of financial results and various announcements to provide shareholders with an overview of the Company's performance, corporate strategies and other matters affecting the shareholders' interests. The Board maintains appropriate corporate disclosure procedures in compliance with the Listing Requirements. The Board maintains an effective communication policy that enables the Board (in particular the Executive Board members) to communicate effectively with its shareholders, stakeholders and the public in general.

9. REVIEW OF THE BOARD CHARTER

The Board Charter shall be reviewed and amended as necessary to determine its adequacy for current circumstances, the Company's policies and applicable rules and regulations.