



BOARD CHARTER

Abbreviations included in this Charter

Bursa Securities	.....	Bursa Malaysia Securities Berhad
CEO*	.....	Chief Executive Officer
Independent Director	.....	A Director who does not participate in the management of the Company and who satisfies the criteria for “independence” set out in the LR
LR	.....	Listing Requirements of Bursa Malaysia Securities Berhad
MCCG	.....	Malaysian Code on Corporate Governance
Para	.....	Paragraph

References

Bursa Malaysia Best Practices in Corporate Disclosure
Companies Act, 1965
Combined Code on Corporate Governance
Higgs Report
Listing Requirements of Bursa Malaysia Securities Berhad
Malaysian Code on Corporate Governance
Malaysian Code on Corporate Governance 2012

- * The term “CEO” as used in this Charter shall be deemed to include references to any person tasked by the Board with the responsibility of managing and/or administrating the day-to-day operation and affairs of the Company and the term “CEO” shall also be used without limitation to refer to Managing Director, Chief Operating Officer or other similar position of responsibility in the Company.

C.I. HOLDINGS BERHAD
(37918-A)
(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

The Directors of C.I. Holdings Berhad (“CIH”) regard Corporate Governance as vitally important to the success of CIH's business and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is 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.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible to the Company for achieving a high level of good governance.
- This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

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3. THE BOARD

3.1 Role

- 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 sets 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 MCCG. The Board includes 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 15.25 of the LR.
- 3.1.3 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 meets 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 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 Board assumes the following specific duties:
- (a) Establishing and reviewing the strategic plan of the Company;
 - (b) Overseeing and evaluating the conduct of the Company's businesses;
 - (c) Identifying principal risks and ensure that the risks are properly managed;
 - (d) Establishing a succession plan;
 - (e) Developing and implementing an investors relations programme or shareholder communication policy; and
 - (f) Reviewing the adequacy of the internal control policy.

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- 3.1.7 The Board has established written procedures determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.
- 3.1.8 The Board reserves full decision-making powers on the following matters:
- (a) Conflict of interest issues relating to a substantial shareholder or a Director;
 - (b) Material acquisitions and disposition of assets not in the ordinary course of business;
 - (c) Investments in Capital projects;
 - (d) Authority levels;
 - (e) Treasury policies;
 - (f) Risk management policies; and
 - (g) Key human resource issues.
- 3.1.9 The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.
- 3.1.10 The Board have observed the Companies Commission of Malaysia's Code of Ethics for Company Directors in carrying out their roles and responsibilities.
- 3.2 Composition and Board Balance**
- 3.2.1 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.
- 3.2.2 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors and at least two (2) of the Board members are female.
- 3.2.3 Profiles of Board members are included in the Annual Report of the Company.
- 3.2.4 The CEO and the Executive Director(s) are the "Executive" Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.

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- 3.2.5 Non-Executive Directors meet as a group at least once a year without the Chairman or Executive Directors present. There is a statement in the Annual Report on whether the Non-Executive Directors have met without the Chairman or Executives Directors being present.
- 3.2.6 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.2.7 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.2.8 The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- 3.2.9 The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the CEO have failed to resolve them. The Senior Independent Director chairs the meetings between the Non-Executive Directors where both the Chairman and Executive Directors do not attend.
- 3.2.10 The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.
- Alternatively, the Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who served in that capacity for more than nine (9) years.
- 3.2.11 If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

3.3 Appointments

- 3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 3.3.2 New 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.

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- 3.3.3 The Board has adopted 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. The Company Secretary is primarily responsible for the induction programme with appropriate assistance from other senior Executive Directors.
- 3.3.4 The Board has adopted educational / training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
- 3.3.5 In addition to the Mandatory Accredited Programme (MAP) as required by the Bursa Securities, 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.
- 3.3.6 The directorships held by any Board member at any one time shall not exceed five (5) in listed companies.
- 3.3.7 The Director should inform the Chairman before accepting new other directorship.
- 3.3.8 Executive Directors should not take on more than one (1) non-executive directorship, nor become Chairman of a major Company, and no individual should chair the Board of more than one (1) major Company.

3.4 Re-election

All Directors are subject to retirement by rotation.

3.5 Supply of Information

- 3.5.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- 3.5.2 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, assesses 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.
- 3.5.3 A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting.

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- 3.5.4 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 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.
- 3.5.5 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

4. CHAIRMAN AND CEO

The Company aims to ensure a balance of power and authority between the Chairman and the CEO with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman (ie. Non-Executive Chairman) and CEO are separated and clearly defined.

4.1 Chairman

- 4.1.1 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) leading the Board in setting the values and standards of the Company;
 - (b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
 - (c) ensuring the provision of accurate, timely and clear information to Directors;
 - (d) ensuring effective communication with shareholders and relevant stakeholders;
 - (e) arranging regular evaluation of the performance of the Board, its Committees and individual Directors;

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- (f) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.
- 4.1.2 The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 4.1.3 The Chairman 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.
 - the issues discussed are forward looking and concentrates on strategy.
- 4.1.4 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.
- 4.1.5 The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.
- 4.1.6 The Chairman will have no casting vote if two (2) Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue.
- 4.2 **CEO**
- 4.2.1 The CEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- 4.2.2 The CEO has the executive responsibility for the day-to-day operation of the Company's business.
- 4.2.3 The CEO implements the policies, strategies and decisions adopted by the Board.
- 4.2.4 All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

5. BOARD COMMITTEES

The Board appoints the following Board Committees with specific terms of reference:

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- Audit Committee
- Nomination Committee
- Remuneration Committee

Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required. Details of the membership and a summary of the terms of reference of each Committee appointed by the Board are published in the Annual Report.

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:

- (a) with the external Auditor, the audit plan;
- (b) with the external Auditor, his evaluation of the system of internal controls;
- (c) with the external Auditor, his audit report;
- (d) the assistance given by the employees of the Company to the external Auditor;
- (e) the adequacy of the scope, functions, competency and resources of the internal audit functions 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 functions;
- (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;

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- (h) any related party transaction 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;
- (i) any letter of resignation from the external Auditor of the Company; and
- (j) whether there is reason (supported by grounds) to believe that the Company's external Auditor is not suitable for re-appointment.

5.1.5 The Audit Committee meets on a quarterly basis 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.

5.2 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 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.
- (d) annually reviewing the term of office and performance of the Audit Committee and each of its members to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

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.

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- (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 the time required from a Non-Executive Director. The performance evaluation should be used to assess whether the Non-Executive Director is spending enough time to fulfil their duties.
- (d) Consider candidates from a wide range of backgrounds and look beyond the “usual suspects”.
- (e) 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.
- (f) Regularly review the structure, size and composition (including the skills, knowledge, experience and gender diversity) of the Board and make recommendations to the Board with regard to any changes.
- (g) 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.
- (h) Undertake an annual assessment of an independent non-executive Director.
- (i) Make a statement in the annual report about its activities; the process used for appointments and explain if external advice or open advertising has not been used; the membership of the Committee, number of Committee meetings and attendance of members over the course of the year.
- (j) Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.

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 articles of association;

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- Concerning any matters relating to the continuation in office of any Director and/or independent non-executive Director at any time; and
- Concerning the appointment of any Director to executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of the Board.

5.2.6 In the event that the Board appoints a new Chairman, the Nomination Committee will be guided by the following principles prior to making recommendations to the Board:

- (a) That the Senior Independent Director leads the appointment process.
- (b) That a systematic evaluation be undertaken to identify the skills and expertise required for the role.
- (c) That all short listed candidates be considered with the possibility of obtaining external advice, if necessary.

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 includes establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Directors, the Executive Chairman and the Company Secretary.

5.3.4 The Remuneration Committee is also responsible for recommending the remuneration for the Senior Management and that the remuneration should reflect the responsibility and commitment that goes with it.

6. REMUNERATION LEVELS OF DIRECTORS

6.1 The Board 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, but without paying more than is necessary to achieve this goal.

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- 6.2 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.
- 6.3 Non-Executive Directors are entitled to participate in the Company's Employee Share Options Scheme (ESOS) subject to approval at a General Meeting. Non-Executive Directors who participated in the ESOS are prohibited to sell, transfer or assign the shares within one (1) year from the date of offer of such options.
- 6.4 No Director other than the CEO and Executive Directors shall have a service contract with the Company.
- 6.5 A formal independent review of the Directors' remuneration is undertaken no less frequently than once every three (3) years.
- 6.6 There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

7. FINANCIAL REPORTING

7.1 Transparency

- 7.1.1 The Board aims 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.
- 7.1.2 The Directors 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.
- 7.1.3 The Board ensures that the Company will announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.
- 7.1.4 The Board ensures that 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

7.2 Company Auditors

- 7.2.1 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.

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- 7.2.2 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.

7.3 Internal Controls and Risk Management

- 7.3.1 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 reports directly to the Audit Committee. In relation thereto, the Board ensures the system of internal controls is reviewed on a regular basis.

- 7.3.2 The Audit Committee receives reports regarding the outcome of such reviews on a regular basis.

8. GENERAL MEETINGS

8.1 Annual General Meeting (AGM)

- 8.1.1 The Board regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.

- 8.1.2 The Board regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.

- 8.1.3 The Chairman encourages active participation by the shareholders during the AGM.

- 8.1.4 The Chairman encourages poll voting on the substantial resolutions such as related party transaction or recurrent related party transaction.

- 8.1.5 The Chairman and, where appropriate, the CEO responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

8.2 Extraordinary General Meeting (EGM)

The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

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9. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 9.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 9.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- 9.3 Dialogues are conducted with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- 9.4 A press conference will normally be held after each General Meeting. At this press conference, the Chairman or CEO will give a press release stating the Company's results, their prospects and outline any specific event for notation. All press releases will be vetted by the Corporate Disclosure Manager to ensure that information that has yet to be released to Bursa Securities is not released to the press.

10. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regards, the needs and interests of other stakeholders are also taken into consideration.

10.1 Employees

- 10.1.1 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.
- 10.1.2 The Board ensures that the Company adopts comprehensive and documented 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;
 - (b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace;
 - (c) Code of conduct which governs employees conduct and behaviour in carrying out their duties and responsibilities; and
 - (d) Whistle blowing policy.

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10.2 Environment

10.2.1 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. For this reason, the Board ensures that the Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

10.2.2 The Company supports initiatives on environmental issues.

10.3 Social Responsibility

The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates. For this purpose, the Board formulates and adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services. The Board also encourages the Company to support charitable causes and initiatives on community development projects.

11. COMPANY SECRETARY

11.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.

11.2 The Board members have unlimited access to the professional advice and services of the Company Secretary. The Board views that:

- (a) The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- (b) The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- (c) The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
 - (i) disclosure of interest in securities.
 - (ii) disclosure of any conflict of interest in a transaction involving the Company.
 - (iii) prohibition on dealing in securities.
 - (iv) restrictions on disclosure of price-sensitive information.

Clause

- (d) The Company Secretary must keep abreast of, and inform, the Board of current governance practices.

12. APPLICATION

12.1 The principles set out in this Charter are:

- (a) kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
- (b) applied in practice having regard to their spirit and general principles rather than to the letter alone; and
- (c) summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.

12.2 The Board endeavours to comply at all times with the principles and practices set out in this Charter.

12.3 Any updates to the principles and practices set out in this Charter will be made available on the Company's website.