

**BOARD CHARTER**  
**FAR EAST HOLDINGS BERHAD**  
[Company No.: 197301001753 (14809-W)]  
(Incorporated In Malaysia)

**1.0 PURPOSE OF CHARTER**

- 1.1 The Board Charter sets out of the role, composition and responsibilities of the Board of Directors (“the Board”) of Far East Holdings Berhad (“the Company”).
- 1.2 The Board Charter is subject to the provisions of the Companies Act 2016 (“Companies Act”), the Memorandum & Articles of Association of the Company (“Constitution”), the Main Market Listing Requirement (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), the Malaysian Code on Corporate Governance 2017 (“MCCG”) and any other applicable law or regulatory requirements.
- 1.3 The role of the Board is to promote and protect the interest of the Company and all its shareholders. The Board shoulders the ultimate responsibility of determining the direction of the Company thereby ensuring the long term success of the Company and the delivery of sustainable value to its shareholders. The Board provides thought leadership and advice in fine-tuning corporate strategies, good governance and ethical practices, and ensures the effective execution of these strategies.

**2.0 THE BOARD**

**2.1 Board Membership Guidelines**

**2.1.1 Composition**

- (a) The Board consists of qualified individuals with diverse experiences, backgrounds and knowledge which are/is necessary to administer the Company. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.

- (b) The Board must uphold an obligation to exercise unfettered judgment, in good faith with due care and skill.
- (c) The Board must be made aware of the legal parameters that define his or her duties in law, as well as his/her fiduciary duties toward the Company.
- (d) The number of directors shall be not less than two (2) but not more than fifteen (15) as set out in the Company's Constitution.
- (e) In accordance with the MMLR of Bursa, the Company must ensure at any one time, at least two (2) or one third (1/3), whichever is the higher, of the Board members are Independent Directors.
- (f) If the number of Directors is not three (3) or a multiple of three (3), then the number nearest one third (1/3) must be used. In the event of any vacancy in the Board of Directors, resulting in non-compliance with MMLR Chapter 15.02 subparagraph 1, the Company must fill the vacancy within three (3) months.
- (g) 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 the Board subject to the Director's being re-designated as Non-Independent Director.
- (h) The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interest of all shareholders is indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- (i) The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

- (j) The office of Directors will become vacant if the Directors:-
  - (i) falls within the circumstances set out in section 208 of the Companies Act 2016;
  - (ii) if absent is more than 50% of the total Board of Directors' Meetings held during financial year;
  - (iii) is convicted by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation; or
  - (iv) is convicted by a court of law of an offence under securities laws or the Companies Act 2016.
- (k) The Directors must not hold more than five (5) directorships in listed issuers in Malaysia.

#### **2.1.2 Appointment and Re-election**

- (a) The appointment of a new director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee ("NC"). New directors are expected to possess such necessary expertise to enable them to make positive contributions in the Board. In addition, the new directors must give sufficient time and attention to the affairs of the Company.
- (b) In accordance with the Malaysian Code on Corporate Governance ("MCCG"), the Directors are required to notify the Chairman before accepting any new directorships and to indicate the time expected to be spent on the new appointment.
- (c) The Chairman shall also notify the Board if he or she has any new directorship or significant commitments outside the Company.

- (d) The Constitution of the Company provides that every newly appointed Director be subjected to re-election at the immediate Annual General Meeting ("AGM"). Further, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office every three (3) years but remaining eligible to stand for re-election.

The Board shall be responsible for recommending its members for election by the shareholders.

#### **2.1.3 Independence of Directors**

The Board evaluates the independence of the Directors annually by taking into consideration of their disclosed interest and having regard to the criteria for evaluating the independence of Directors under the Board's annual evaluation.

### **2.2 Role of the Board**

#### **2.2.1 Duties and Responsibilities**

The Board assumes, amongst others, following duties and responsibilities:-

- (a) Reviewing and adopting the overall strategic plans and programme for the Company and Group.
- (b) Overseeing and evaluating the conduct of business of the Company and Group.
- (c) Identifying principal risk and ensuring implementation of a proper risk management system to manage such risk. This includes reviewing procedures to identify the main risk associated with the Group's business and the implementation of appropriate systems to manage these risks.
- (d) Establishing a succession plan.

- (e) Reviewing the adequacy and the integrity of the management information and internal control systems of the Company and Group including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- (f) Board composition, processes and performance with the guidance from the Nomination Committee.
- (g) Promote better investor relations and shareholder's communications.
- (h) Ensure that the Group's vision, mission, objectives and shareholders' interest are met.
- (i) Establish such committees, policies and procedures as required to effectively discharge the Board's roles and responsibilities.
- (j) Monitoring and reviewing policies and processes relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards.
- (k) Ensure that the Group has the appropriate corporate governance structures in place including standards of ethical behavior and promoting a culture of corporate responsibility.
- (l) Performs such other functions as are prescribed by law or are assigned to the Board.

#### **2.2.2 Matters Reserved for the Board**

The following are matters which are specifically reserved for the Board:-

- (a) Appointment of a Chairman of the Board of Directors and Company;
- (b) Appointment/removal of Directors;
- (c) Appointment and removal of Company Secretary;
- (d) Establishment of Board committees, their membership and delegated authorities;
- (e) Approval of interim dividend and recommendation of final dividend for shareholders' approval;
- (f) Approval of annual budgets including capital expenditure and monitoring against actual performance, including variance reporting;

- (g) Approval of corporate plan and programme;
- (h) Approval of new ventures and businesses;
- (i) Approval of material acquisitions and disposals of undertakings and properties;
- (j) Approval of the limits of authority for the Company and Group;
- (k) Approval of the Audited Financial Statements;
- (l) Calling of meetings of shareholders;
- (m) Review of corporate governance principles and policies;
- (n) Formulate direction and strategy, including a review of such exercise;
- (o) Assessing risk management issues and resolution;
- (p) Formulating and monitoring of key company policies;
- (q) Evaluating senior management's performance;
- (r) Determining corporate disclosure and announcements;
- (s) Maintaining investor and stakeholder relations;
- (t) Deliberate on all litigation matters that may be instituted against the Company and on such litigation actions that the Company may take against any third party;
- (u) Review of whistle blowing reports if applicable; and
- (v) Any other specific matters as may brought to the Board from time to time.

### **3.0 ROLE OF GROUP EXECUTIVE CHAIRMAN, EXECUTIVE DIRECTORS AND CHIEF OPERATING OFFICER**

#### **3.1 Group Executive Chairman**

- (a) The Group Executive Chairman represents the Board to the shareholders. The Group Executive 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 or her cause for major concern.

- (b) The Group Executive Chairman will act as a facilitator at Board meeting and ensure no Board member, whether executive or non-executive, dominates the discussion, and that appropriate discussion takes place and that relevant opinion among Board members are forthcoming.

The key roles and accountabilities of the Group Executive Chairman include:-

- (a) Providing governance in matters requiring corporate justice and integrity;
- (b) Managing Board communications and Board effectiveness and effective supervision over management;
- (c) Creating conditions for good decision making during Board and Shareholders' meetings;
- (d) Ensuring Board proceedings are in compliance with good conduct and best practices;
- (e) Protecting the interest of all stakeholders and providing such information as deemed appropriate;
- (f) Maintaining good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;
- (g) Ensuring that sufficient and accurate information are provided to the board on a timely manner to facilitate decision making;
- (h) Ensuring compliance with all relevant regulations and legislations;
- (i) Maintaining effective relations with external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions; and
- (j) Appraise business opportunities which are of potential benefit to the Group.

### **3.2 Executive Director (“ED”)**

The key role of Executive Director amongst others, include:-

- (a) Developing the strategic direction of the Company and its subsidiaries (“the Group”);
- (b) Providing directions in the implementation of short and long term business plans;
- (c) Providing strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- (d) Ensuring high performance and productivity of top management by creating conditions for top management motivation, performance management and professional development;
- (e) Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- (f) Developing effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions;
- (g) Appraise business opportunities which are of potential benefit to the Group;
- (h) Ensuring that the Group’s strategies and corporate policies are effectively implemented;
- (i) Ensuring that Board decisions are implemented and Board directions are adhered to;
- (j) Responsible for the day-to-day management of the Group to ensure to that it is effectively managed with all powers, discretions and delegations authorized from time to time by the Board;
- (k) Keeping the Board fully informed of all important aspects of the Group’s operation and ensuring sufficient information is distributed to Board Members; and
- (l) Ensure any other relevant information or matters are brought to the attention of the Board in an accurate and timely manner.



### **3.3 Chief Operating Officer (“COO”)**

- (a) The COO is the conduit between the Group Executive Chairman, the Board and management in ensuring the success of the Company's governance and management functions;
- (b) The COO has the executive responsibility for the day-to-day operation of the Company's and Group's business within authority delegated by the Board;

The key role of Chief Operating Officer amongst others, include:-

- (a) Developing the strategic direction of the Company and Group;
- (b) Ensuring that the Company's and Group's strategies and corporate policies are effectively implemented;
- (c) Ensuring that Board decisions are implemented and Board directions are adhered to;
- (d) Providing directions in the implementation of short and long term businesses plans;
- (e) Providing strong leadership i.e. effectively communicating a vision, management philosophy and businesses strategy to the employees;
- (f) Keeping Board fully informed of all important aspects of the Company's and Group's operations and ensuring sufficient information is distributed to the Board Members;
- (g) Ensuring high performance and productivity of top management staff by creating conditions for top management motivation, performance management and professional development;
- (h) Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- (i) Developing and maintaining effective relations with significant external agencies, investing public and other trade associations and institutions; and
- (j) Ensuring day-to-day business affairs of the Company and Group are effectively managed.

#### **4.0 BOARD COMMITTEES**

- 4.1 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 following Committees to assist in the execution of its responsibilities:-
- Audit Committee
  - Risk Management Committee
  - Nomination Committee
  - Remuneration Committee
  - Tender Committee
- 4.2 The Committees shall operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.
- 4.3 The Chairman of the relevant Board Committees will report to the Board on the key issues deliberated by the Board Committees at the Board meetings.

#### **5.0 BOARD MEETINGS**

- 5.1 The Board shall conduct at least five (5) scheduled meetings annually, with additional meetings to be convened as and when necessary.
- 5.2 All Board members will be provided with the financial and performance reports and any other reports on a timely basis prior to the scheduled Board meetings. A full agenda of the meeting and all Board papers, including relevant matters or specific issues, must be distributed in advance at least five (5) working days before the meeting to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arises.
- 5.3 Where necessary, the services of other senior management or external consultants or advisers will be arranged to brief and help the Directors to clear any doubt or concern before making a decision.

## **6.0 FINANCIAL REPORTING**

- 6.1 In presenting the annual financial statements and quarterly announcements to the shareholders including other price sensitive public reports and reports submitted to regulators, the Board aims to present a balance and understandable assessment of the Group's position and prospects.
- 6.2 The Board ensures that the Reports and Financial Statements are prepared in accordance with the requirements of the current Malaysian Financial Reporting Standards ("MFRS") and Bursa Main Listing Requirements, so as to give a true and fair view of the state of affairs of the Group and Company. The quarterly report of the Company will be reviewed by the external auditors as and when necessary to ensure that the Company adhered at all times of best practices of financial management.

## **7.0 DIRECTORS' REMUNERATION**

- 7.1 The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations forwarded by the Remuneration Committee.
- 7.2 Non-executive Board Members will be paid a basic fee as ordinary remuneration and they will also be paid an allowance for their attendances at meetings. The fee to non-executive Board Members which is subject to the approval of the shareholders shall be a fixed amount and not by a commission or on percentage of profits or turnover.

## **8.0 DIRECTORS' TRAINING AND CONTINUING EDUCATION**

- 8.1 In addition to Mandatory Accreditation Programs as required by Bursa Malaysia Securities Berhad, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education program and life-long learning. This will enable directors to effectively discharge duties and sustain active participation in the Board deliberations.

- 8.2 The Board shall assess the training needs of the Directors from time to time. The training must be relevant and assisting the Directors in the discharge of their duties.

## **9.0 COMPANY SECRETARY**

- 9.1 The Company Secretary plays an important advisory role, and is a source of information and advice the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.
- 9.2 The Board shall appoint a person who is qualified and capable of carrying out the duties which the post entails, and the removal of the Company Secretary shall be the prerogative of the Board as a whole. The Company Secretary shall be a person with adequate experience and knowledge and shall report directly to the Board.

All directors have a right of access to the Company Secretary.

## **10.0 INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATION**

- 10.1 The Board acknowledges the shareholders' need to be informed of all material business matters affecting the Group and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 10.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Group's performance and operations in addition to the various announcements made during the year.
- 10.3 The Company's website [www.fehb.com.my](http://www.fehb.com.my) provides easy access to corporate information pertaining to the Group and its activities and is continuously updated.

- 10.4 The Annual General Meeting (“AGM”) is 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. The Chairman encourages shareholders to participate in the question and answer session at the AGM.

## **11.0 ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

- 11.1 The Directors, collectively or individually, may seek independent professional advice and information in furtherance of their duties at the Company’s expense, so as to ensure the Directors are able to make independent and informed decisions.

## **12.0 DIRECTORS’ CODE OF CONDUCT AND ETHICS**

- 12.1 The Board is aware that the foundation of an ethical culture in the Company largely depends on the leadership and responsibility that must start with the Board. Board members are required to observe the Directors’ Code of Conduct and Ethics (“the Code”) as follows and the spirit will be embodied to the Company throughout:-

- (a) Compliance at all times with the Code and the Board Charter;
- (b) Observe high standards of Corporate Governance at all times;
- (c) Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- (d) Will act honestly, in good faith and in the best interest of the Company at all time and Group;
- (e) Owe a fiduciary duty to the Company and Group as a whole;
- (f) Have a duty to practice due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- (g) Will undertake diligent analysis of proposals placed before the Board;
- (h) Will act with a level of skill expected from Directors of a public listed company;
- (i) Will use the authorities of office for appropriate purpose in the best interest of the Company and Group as a whole;
- (j) Will demonstrate commercial wisdom in decision making;
- (k) Will not make improper use of information acquired as Directors;

- (l) Will not disclose non-public information except where disclosure is authorised by the Board or legally mandated;
- (m) Will not use price sensitive non-public information, which can affect the price of the securities of the Company and/or related listed companies when it becomes publicly known (“Inside Information”), for personal benefits. The Board will not trade in securities or provide information to others to trade in securities of the Company and/or related listed companies until the Inside Information is publicly released. The Board will also not trade in securities in any other companies where they have Inside Information which they obtain in the performance of their duties;
- (n) Will keep confidential information received in the course of the exercise of their duties and recognise that such information remains the property of the Company and Group and that it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Board, or is required by law;
- (o) Will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company and Group;
- (p) Will not take advantage of the Company and Group’s property or use such property for personal gain or to compete with the Company and Group;
- (q) Will protect and ensure the efficient use of the Company or Group’s assets for legitimate business purposes;
- (r) Will disclose to the Board any interests which conflict with the interest of the Company and Group and will comply with the guidelines set out in the paragraph 6.2 entitled “Declaration of Interest” below in the event of any conflict;
- (s) Will make reasonable enquiries as to whether the Company and Group is operating efficiently, effectively and legally towards achieving its goals;
- (t) Will not engage in conduct likely to bring discredit upon the Company and Group. The Board will make available their specific expertise as required from time to time to the Company and Group. The Board will encourage fair dealing by all employees with the Company and Group’s customers, suppliers, contractors, competitors and other employees;

- (u) Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace;
- (v) Should at all time promote professionalism and improve the competency of management and employees of the Company and Group;
- (w) Should ensure effective use of natural resources, and improve quality of life by promoting corporate social responsibilities. Should be proactive to the need of the community and to assist in society-related programmed in line with the aspirations of the concept of “Caring Society” adopted by the Company; and
- (x) Have an obligation, at all times, to comply with the spirit, as well as the text of the law and the principles of this Charter.

## 12.2 Declaration of interests

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, Board Members are required to notify the Company Secretary changes in the following:-

- (a) Shareholding in the Company and its related corporations, whether direct or indirect; and
- (b) Directorship or interest in other corporations.

In addition to the above, a Board member who has a material interest, either directly or indirectly, in matters considered by or likely to be considered by the Board should declare that relevant interest<sup>Note 1</sup>. Such declaration should describe the interest clearly.

*Note 1:*

*Relevant Interest in this context is as follows:-*

- (a) *Executive and non-executive directorship of, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Company and Group;*
- (b) *Ownership or part-ownership of, or employment by, business or consultancies likely or possibly seeking to do business with the Company and Group.*

### **13.0 CONDUCT IN MEETINGS**

13.1 Any Board member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest in any meeting where the matter is to be discussed. The Board member concerned should withdraw from the meeting during the relevant discussion or decision.

#### **13.2 Membership of Committees**

Board Members should not accept positions on Board committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

### **14.0 REVIEW OF THE BOARD CHARTER**

14.1 The Board Charter will be reviewed periodically by the Board to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.

**31 March 2022**