

COCOALAND HOLDINGS BERHAD

BOARD CHARTER

INTRODUCTION

The Board Charter sets out the composition, roles and responsibilities and processes of the Board.

The Board Charter has been adopted by and is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of company business.

The Board derives its authority to act from the Company Constitution and the law and regulations governing companies in Malaysia.

BOARD STRUCTURE

Composition

The number of directors shall be not less than two (2) but not more than twelve (12) as set out in the Company Constitution.

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company must ensure that at least two (2) directors or one-third (1/3) of the board of directors of the Company, whichever is the higher, are independent directors. If the number of directors of the Company is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must be used.

Tenure

In accordance with the Company Constitution, one-third (1/3) or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting. A retiring Director is eligible for re-election. It provides that any new or additional Director appointed by the Board during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The election of each Director is voted separately. The directors to retire in every year shall be those who have been longest in office since their last election.

Tenure of independent directors should not exceed nine (9) years, but annual shareholders' approval applicable from year 9 - 12 only, thereafter the annual two tier voting process should be adopted.

Board Committees

The Board has set up different Board committees with different functions to assist the Board in discharging its fiduciary duty. These committees do not make decision on behalf of the Board and the Company. It is each committee's duty to review the matter under its purview and make the necessary recommendation to the Board for its consideration and decision making.

The Board has established the following Committees to assist the Board in the execution of its duties:

a. Audit and Risk Management Committee

- b. Remuneration Committee
- c. Nominating Committee
- d. Executive Committee
- e. Risk Steering Committee

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.

ROLES AND RESPONSIBILITIES OF BOARD

Role of Board

The functions of the Board are to:

- monitor the compliance with all relevant statutory and legal obligations;
- review and set the Group's strategic plan and direction and ensure that resources are available to meet its objectives;
- supervise the operations of the Group to evaluate whether established targets are achieved;
- identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- promote better investor relations and shareholder communications;
- ensure that the Group's core values, vision and mission and shareholders' interests are met;
- review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities;
- initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges as appropriate; and
- ensure that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility.

Directors' commitments

Directors shall devote sufficient time to carry out their responsibilities. The Board shall obtain this commitment from its members at the time of appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities besides attending meetings of the Board and Board Committees.

Role of Chairman

The Chairman is responsible for:

- providing leadership at Board level;
- facilitating all Board meetings and ensure the appropriate level of interaction among Board members and senior management;

- ensuring a balance composition of skills, knowledge and experience within the Board and an effective working, reporting and communication mode;
- ensuring that material matters in respect of the business or governance of the Company or the Group are tabled and ventilated effectively for Board decision making;
- monitoring the performance of the individual and collective roles of the directors and the Board;
- promoting constructive and respectful relations between Board members and between the Board and the Management; and
- chairing all meetings with the shareholders i.e. Annual General Meeting, Extraordinary General Meetings.

Role of Executive Director

The Executive Directors are responsible for:

- achievement of Group's goals which delegated by the Board;
- formulating and implementing strategic business direction, plans and policies of the Group;
- ensuring the efficient and effective operation of the Group;
- assuring that the Group's products and services are of high standards;
- directing and controlling all aspects of the business operations in a cost effective manner;
- ensuring day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board; and
- bringing material matters to the attention of the Board in an accurate and timely manner.

Role of Non-Executive Director

The Executive Directors are responsible for:

- constructively challenging and helping develop proposals on business strategy and direction;
- approving and reviewing the business plan and annual budget;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- ensuring integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- determining appropriate levels of remuneration of executive directors;
- regularly seeking information both from within and if required outside professional knowledge to keep abreast with the latest developments in the areas of the Company's operations;
- exercising intelligent reviews of transactions involving Directors, Management and controlling shareholders;
- creating a balance in the interest of the shareholders in the areas include changes in corporate control, merger and acquisition, takeover, divestment and the audit function.

Role of Senior Independent Director

The Senior Independent Director is responsible for:

- Serving as a contact for consultation and direct communication with shareholders on areas that cannot be resolved through normal channels of contact with the Chairman;
- Serving as the principal conduit between the Independent Directors and the Chairman on sensitive issues;
- Ensuring all Non-Executive Directors have an opportunity to provide input on the agenda and advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary for appropriate for the Non-Executive Directors to perform their duties effectively;
- Lead the annual review of Board effectiveness, ensuring that the performance of each individual director is independently assessed.

Role of Board Committees

The roles and responsibilities of Audit and Risk Management, Remuneration, Nominating, Executive and Risk Steering Committees are set out in the terms and reference of each Committee.

Matters Reserved for the Board

The following matters shall be reserved for decision by the Board, supported by any recommendation as may be made from time to time by the Board Committees (as appropriate):

Financial

- 1) The adoption of any significant change or departure in the accounting policies and practices of the Company and its subsidiaries;
- 2) The raising of borrowing facilities involving substantial amounts;
- 3) The approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans;
- 4) The approval of the annual financial statements and interim reports and the declaration of dividends.

Statutory and administrative

- 1) Recommending amendments to the Constitution of the Company;
- 2) The frequency of meetings of the Board;
- 3) The convening of general meetings of shareholders of the Company;
- 4) The appointment, removal or replacement of the Company Secretaries and External Auditors.

Regulatory

- 1) The approval of the terms and conditions of the Company's rights issues, public offers, bonus issues or issues of convertible securities including shares or convertible securities issued for acquisitions;

- 2) The approval and authority to issue circulars to the shareholders of the Company;
- 3) The approval of and authority to listing particulars, rights offers or takeover or merger documents.

Conduct of the Board

- 1) The appointments to the Board including the appointment of the Chairman, Executive Directors and Non-Executive Directors and the approval on the nomination of Alternate Directors (if any) as recommended by the Nomination Committee;
- 2) The appointment of, terms of reference and changes in the composition of the Board Committees as are established from time to time.
- 3) Any increase of Board members' fees as recommended by the Remuneration Committee and endorsed by the Board, which shall ultimately be approved by the shareholders of the Company in a general meeting.

BOARD PROCESSES

Board Meetings

- Meetings will be conducted on a quarterly basis. The Company Secretary will prepare and circulate notices and timetables for all required to attend the meeting.
- The quorum of Board meeting is two (2) members, present in person.
- Proceedings of all meetings are minuted and signed by the Chairman of the meeting. Minutes of all Board meetings are circulated to the directors and approved by the Board at the subsequent meeting. Directors' Circular Resolutions approved by majority of the directors are as valid and effective as if the resolutions had been passed at the meeting of the directors. The resolutions are to be recorded in the Company's minutes book kept by the Company Secretary.
- Actions on all matters arising from any meeting are reported at the following meeting.
- The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board.

Notices, Agenda and Meeting Papers

- The notice of Board meetings shall be issued at least seven (7) days prior to the meeting.
- Prior to each Board meeting, the agenda together with relevant reports would be circulated to all Directors in sufficient time to enable effective discussion and decision making.
- Minutes prepared following the Board meeting will be circulated in draft form. The draft minutes will be re-circulated with the Board papers in readiness for signing at the following meeting. Issues discussed in arriving at each Board's decision shall be recorded.

Access to Information

The Directors have unrestricted access to the advice and services of the Company Secretary and Senior Management and may obtain independent professional advice at the Company's expense in the furtherance of their duties.

The Directors acknowledge that confidential information received in the course of exercise of the Board duties remains the property of the Group, whether it relates to the Group or another entity. It will not be disclosed unless either the Chairman of the Board has so authorized in writing or disclosure is required by law.

Professional Development

The Board is required to be kept up-to-date with current business, industry, regulatory and legislative developments and trends that will affect the Company and Group's business operations.

Newly appointed Board members are mandated to attend the Mandatory Accreditation Programme as required under the Listing Requirements of Bursa Malaysia Securities Berhad within four (4) months from the date of appointment.

The Directors are regularly updated by the Company Secretary on new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company. To improve their skills, Directors are encouraged to attend the relevant training at the company's expense.

REVIEW OF BOARD CHARTER

The Board Charter shall be reviewed by the Board as and when required 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 remains consistent with the Board's objectives and responsibilities.