

POWERWELL HOLDINGS BERHAD

Registration No. 200101009151 (544907-X)

(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors of Powerwell Holdings Berhad (“**Powerwell**” or “**Company**”) (“**Board**”) regards Corporate Governance as being of vital importance to the success of the businesses of Powerwell and its subsidiaries (collectively, “**Group**”). The Board is unreservedly committed in applying the principles of good governance to ensure that they are applied in all of the Group’s business dealings to protect its shareholders and other stakeholders:-

- The Board is the focal point of the Group’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Group.
- 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 Group for achieving a high level of good governance.
- This Board Charter shall continue to form an integral part of each Director’s duties and responsibilities.

This Board Charter is not a total document and should be read as an expression of principle for optimizing corporate performance and accountability. The Board will review and update (if necessary) the Board Charter on an annual basis.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Group 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 Group.

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

3. VISION

The vision of the Group is to be a world-class manufacturer of electricity distribution products with best-in-class international innovation and benchmark standards.

4. MISSION

The mission of the Group is to achieve total customer satisfaction through innovation and safety.

5. THE BOARD

5.1 Role

5.1.1 The Board is in charge of leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Group. The Directors, collectively and individually, are aware of their responsibilities to shareholders and other stakeholders for the manner in which the affairs of the Group are managed.

5.1.2 The Board meets 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 areas of responsibilities.

5.1.3 Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Group, setting the goals of the management and monitoring the performance of the management.

5.1.4 The Board assumes the following specific duties:-

- (a) To oversee the conduct of the Group's business and to evaluate whether the business is being properly managed;
- (b) To approve annual budget;
- (c) To monitor management performance and business results;
- (d) To identify principal risks and to ensure the implementation of appropriate systems to address the risks;
- (e) To keep abreast with changes in the risks of business and other aspects of governance that encourage enhancement of effectiveness in Board and management;
- (f) To have succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board and key management;
- (g) To be accountable to the shareholders to ensure the Group has appropriate corporate governance that operates efficiently and transparently;
- (h) To set and review and approve annual reports to the shareholders; and
- (i) To review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

5.2 Board Structure

5.2.1 The Regulations governing the management of Powerwell are found in the Company's Constitution which stipulates among others, the appointment and number of Directors, the election of a Chairman of the

Board; who will preside at all Board meetings, the appointment of Managing Director and rotation of Directors, etc.

- 5.2.2 Although the Board is made up of Directors with different roles and responsibilities, there is no distinction in their accountabilities to the Company.

5.3 Composition and Board Balance

- 5.3.1 The number of Directors shall not be less than 2 and more than 15 unless otherwise determined by a General Meeting, as stipulated in the Company's Constitution.

Board of Directors of Powerwell

Name	Designation
Tang Yuen Kin	Independent Non-Executive Chairman
Tham Kien Wai	Managing Director
Wong Yoke Yen	Executive Director
Lee Chee Ming	Executive Director
Dr. Tou Teck Yong	Senior Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil	Independent Non-Executive Director

- 5.3.2 The Board members must have balance diversity which comprises the requisite knowledge, experience, skills and competence.
- 5.3.3 The Board is the Group's decision-making body. It is therefore imperative that the Board should be sized in a manner most effective to facilitate decision-making and deliberation processes.
- 5.3.4 A strong and independent element on the Board should be present to exercise independent objective judgment on the corporate affairs of the Group. No individual or small group of individuals should be allowed to dominate the Board's decision-making process.
- 5.3.5 In addition to ensuring the existence of an independent element, consideration is given to the characteristics of each Board member such as business acumen, skills, business background and experience, forming the dynamics of the Board.
- 5.3.6 The Malaysian Code on Corporate Governance ("MCCG") recommends that this strong and independent element of the Board should consist of Independent Directors making up at least 1/3 of the Board.
- 5.3.7 The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

- 5.3.8 Profiles of Board members are available in the Annual Report of the Company.

5.4 Appointments

- 5.4.1 The appointment of a new Director is a matter for consideration and decision by all members of the Board upon appropriate recommendation from the Nomination Committee.
- 5.4.2 The appointment of a new Director is based on objective criteria with due regard for diversity in skills, experience and expertise, and on a merit basis.
- 5.4.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of Directors are properly executed.
- 5.4.4 In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Malaysia Securities Berhad, Board members are also encouraged to undertake continuing professional education to enable them to discharge their duties effectively. While management, Company Secretary, Internal and External Auditors will brief the Board on changes in the legislative, regulatory or industry framework which impact the Company, this is not a substitute for the Directors' efforts to seek continuous knowledge of the changes in the market regulations.

Based on the result of appraisal, the Nomination Committee would assist the Board to undertake an assessment of the training needs of each Director.

- 5.4.5 The directorships held by any Board member at any one time shall not exceed 5 in listed companies.

5.5 Re-election/Re-appointment

1/3 of Directors are subject to retirement by rotation annually or at the interval of every 3 years.

5.6 Supply of Information

- 5.6.1 The Group aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- 5.6.2 The management is responsible for providing the Board with the required information in an appropriate and timely manner. 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.
- 5.6.3 A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting.
- 5.6.4 Amongst others, the Board papers include the following:-

- (a) Quarterly financial report of the Company;
- (b) Minutes of meetings of all Committees of the Board;
- (c) A current review of the operations of the Company;
- (d) Reports on Recurrent Related Party Transactions;
- (e) Directors' and Substantial Shareholders' share-dealings; and
- (f) Annual Budget.

5.6.5 Minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

5.7 Types of Directors

5.7.1 Independent Director

An "independent" director is one who does not have a relationship with the Company, its related Companies or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment.

The Listing Requirements of Bursa Malaysia Securities Berhad prescribes strict guidelines for the classification of "independent directors", signalling the importance of independent judgment within the Board of public listed companies.

5.7.2 Executive Director

A director who is employed full-time to run the Group's business and is involved in its management activities is typically known as Executive Directors. They are therefore not independent to the Board.

5.7.3 Non-Executive Director

Although the Non-Executive Director is present at Board meetings of the Company, he is neither involved in the day-to-day running of business nor managing the business generally. He would therefore, normally not be in the office.

Nevertheless, Non-Executive Directors, together with the Executive Directors, play an important part in:-

- (a) constructively challenging and helping to develop the Group's strategy; and
- (b) reviewing and monitoring the performance of management.

6. INDEPENDENT NON-EXECUTIVE CHAIRMAN ("CHAIRMAN") AND MANAGING DIRECTOR

The Company aims to ensure a balance of power and authority between the Chairman and the Managing Director with a clear division of responsibility between the running of the Board and the Group's business respectively. The positions of the Chairman and Managing Director are separated and clearly defined.

6.1 Chairman

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of the Board. Decisions of the Board are made collectively during Board meetings. In order to ensure that meetings are properly facilitated, and the Board properly led, the Chairman plays a crucial and pivotal leadership role in ensuring that the Board works effectively. Additionally, the Chairman of the Board is usually the presiding Chairman during General Meetings of the Company.

The Chairman of the Board endeavours to create an environment which promotes constructive deliberations leading to effective contributions by each Board member during Board meetings. Further, the Chairman must be able to manage personal conflicts and help to focus the Board on what really matters as opposed to simply going through the agenda.

The Chairman is responsible for the following:-

- (a) To provide leadership and run the Board effectively with the assistance of the Board Committees and management;
- (b) To ensure the whole Board plays a full and constructive part in developing and determining the Group's strategy and overall business and commercial objectives;
- (c) To ensure the Board annually reviews its performance and its composition so as to achieve its effectiveness;
- (d) To chair general meetings and Board meetings;
- (e) To promote the highest standards of integrity, probity and corporate governance in the Group;
- (f) To give every Board member equal opportunity to voice up; and
- (g) To listen to the dissenting voice and to evaluate it in fair and justifiable basis.

6.2 Managing Director

The Managing Director is responsible to the Board for the day-to-day management of the Group and for executing all policy matters set by the Board. These are expounded below.

The Managing Director leads the management team. The Board holds the Managing Director accountable for the performance of the management team.

The key roles of the Managing Director are:-

- (a) To manage the Group's business and ensure that operational planning and control systems are in place;
- (b) To be accountable and responsible for the Group's operations and financial performance;
- (c) To lead management and employees and express his clear leadership;
- (d) To prepare and implement strategic plans;
- (e) To submit and implement acquisition/investment proposals, if any;
- (f) To develop an organizational structure with the necessary succession planning;
- (g) To promote communications internally and externally for the Group as the chief communicator by monitoring the goals, visions, missions and challenges;

- (h) To maintain a friendly environment and develop organization culture, values and reputation in its markets;
- (i) To establish sustainability initiatives for the Group and its stakeholders;
- (j) To ensure the executive team implements the decisions of the Board and its Committees;
- (k) To assist the Chairman in drawing up the agenda for Board meetings by providing input in relation to important strategic issues faced by the business;
- (l) To highlight and update to the Chairman on complex and sensitive issues that might affect the Company and/or Group and maintaining constant dialogue with the Chairman of the Board; and
- (m) To lead the Group to meet its vision and mission.

7. BOARD COMMITTEES

7.1 To assist the Board in fulfilling its duties and responsibilities, the Board has established the following Committees:-

- (a) Audit and Risk Management Committee;
- (b) Remuneration Committee; and
- (c) Nomination Committee.

7.2 All Committees have Terms of Reference which have been approved by the Board.

7.3 The Board can establish ad hoc Committees as and when necessary.

8. GENERAL MEETINGS

8.1 Annual General Meeting (“AGM”)

8.1.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives are encouraged to attend.

8.1.2 The Company 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 and, where appropriate, the Managing Director respond 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 for any other urgent matters requiring immediate attention of the Company.

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 while adhering, at all times, to relevant laws and regulatory requirements.
- 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 A press interview may be held on ad hoc basis whereby the Managing Director will give a press release stating the Company's results, their prospects and outline any specific event for notation.
- 9.4 The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

10. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Group, the Board recognizes that no company can exist by maximizing shareholders' value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

It is the Group's responsibility to integrate responsible ethical practices into all aspects of the business operations to ensure the long-term sustainability of its business.

The Group encourages the practice of high ethical standards and upgrade of the level of Corporate Conduct to cover 4 main criteria as follows:-

10.1 Market Place

- 10.1.1 The Group is committed to uphold the corporate responsibility practices and to enhance the economic responsibilities by creating a good return to safeguard its shareholders' investment.
- 10.1.2 The Group is responsible to strive to develop and provide products and services which offer value in terms of price, quality, safety and environmental impact.
- 10.1.3 The Group acknowledges the importance of good corporate governance and ensure adherence to the MCCG and to comply with all listing requirements, rules and regulations.

10.2 Work Place

- 10.2.1 The Group acknowledges that the employees are invaluable assets and play a vital role in achieving the vision and mission of the Company.
- 10.2.2 The Group adopts the policies and procedures in occupational safety and health with the objective of providing a safe, conducive and healthy working environment for all employees.

10.3 Environment

10.3.1 The Group acknowledges the need to safeguard and minimize the impact to the environment in the course of achieving the Group's vision and mission.

10.3.2 The Group supports initiatives on environmental issues and sustainable development.

10.4 Community

10.4.1 The Group acknowledges the importance of contributing towards the welfare of the community in which it operates.

10.4.2 Where possible, the Group will 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 Company Secretary is accountable to the Board on all governance matters.

11.3 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.

11.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:-

- (a) disclosure of interest in securities;
- (b) disclosure of any conflict of interest in a transaction involving the Company;
- (c) prohibition on dealing in securities; and
- (d) restrictions on disclosure of price-sensitive information.

11.5 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.

11.6 The Board members have unlimited access to the professional advice and services of the Company Secretary. On an annual basis, the Company Secretary's performance shall be appraised by the Board.

12. PERFORMANCE APPRAISAL

Regular reviews of directors' effectiveness and performance are important for governance improvement of the Board. The Board reviews and evaluates the performance of each individual director, the effectiveness of the Board and the Board Committees at least once a year against measurable and qualitative indicators based on the report of the Nomination Committee.