

NOVA MSC BHD
(Company No. 591898-H)
(Incorporated in Malaysia)

BOARD CHARTER

1.0 INTRODUCTION

The Board of Directors ("the Board") is committed to the maintenance of high standards of Corporate Governance throughout the Group.

2.0 PURPOSE

The Board Charter sets out the principles of the operation of the Board of Nova MSC Berhad and to describe the roles, functions and responsibilities of the Board and those functions and responsibilities delegated to management.

3.0 BOARD STRUCTURE

3.1 Board Balance and Mix

- The Board consists of qualified individuals with diverse professional background, skills, expertise and knowledge in discharging its responsibilities for the proper functioning of the Board.
- In accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), 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.
- All newly appointed directors shall retire and be re-elected by the shareholders at the next annual general meeting of the Company and shall then eligible for re-election.

3.2 Tenure of Directors

- In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subjected to re-election by the shareholders in the next Annual General Meeting ("AGM") subsequent to their appointment. At least one third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM. All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election.
- Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.
- The Independent Director whose tenure exceeded a cumulative term of nine (9) years is to seek shareholders' approval for his/ her re-appointment.

3.3 Board Role

3.3.1 Power and Duties of Directors

- The business of the Company shall be managed by the Directors who may exercise all such powers of the Company, and do on behalf of the Company all such acts as are within the scope of the Memorandum and Articles of Association of the Company and of the Companies Act, 1965.
- A Director shall at all times act in the best interest of the company and use reasonable diligence in the discharge of his/ her duties.

3.3.2 Responsibilities of the Board

The Board takes full responsibility for the overall performance of the Company and the Group. The principal responsibility includes the following 6 specific areas:

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- reviewing and adopting strategic plans for the Group;
- overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
- identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- succession planning, including the implementation of appropriate systems for appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- developing and implementing an investor relations programme for the Company, as it is important that the Company is able to communicate effectively with its shareholders; and
- reviewing the adequacy and integrity of the Group's internal control systems and management systems; including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

3.4 Chairman and Managing Director

The roles of the Chairman and Managing Director are distinct and separate to ensure a balance of power and authority. The Chairman's primary role is to lead and manage the Board. The Managing Director is responsible for the development and implementation of strategy, and overseeing and managing the day-to-day operation of the Group.

3.5 Board Committees

The Board may from time to time delegate certain responsibilities to Board Committees. The Board has delegated certain responsibilities to the various Board Committees as follows:-

- Audit Committee;
- Nomination Committee;

- Remuneration Committee; and
- ESOS Committee.

3.6 Board Meetings

The Board meets at least 4 times a year and has a formal schedule of matters reserved to it. Additional meetings are held on an ad-hoc basis to deliberate on matters requiring its immediate attention. The Board is supplied with full and timely information such as agenda of the meeting and all Board papers and are able to obtain further clarification from the Company Secretary, should such a need arise to enable it to discharge its responsibilities.

During these meetings, the Board reviews the Group's financial performance, business operations, reports of the various board committees and results are deliberated and considered. Management and performance of the Group and any other strategic issues that affect or may affect the Group's businesses are also deliberated.

3.7 Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Company's financial performance and prospects during quarterly reporting and at the end of the financial year, primarily through the financial statements to the shareholders.

The Board ensures that financial statements are prepared in accordance with the approved accounting standards and Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company and the Group.

3.8 Directors' Remuneration

The Remuneration Committee is responsible for recommending to the Board on the remuneration framework and packages of all Directors. The Directors shall abstain from deliberations and voting's on their own remuneration.

The performance of Directors is measured by the Directors' contribution to both the Board and the Company. The Executive Directors remuneration are structured according to the skills, experience and performance of the Executive Directors.

In the case of Non-Executive Directors, the determination of their remuneration is a matter for the Board as a whole and the level of remuneration reflects the experience and level of responsibility undertaken by the particular Non-Executive Director.

3.9 Directors' Training

Directors are expected 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 the changes in the legislative, regulatory or industrial 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.

4.0 RELATIONS WITH SHAREHOLDERS, INVESTORS AND MEDIA

The Board maintains an effective communication policy that enables both the Board and Management to communicate effectively with shareholders and the general public.

The ways of communication to shareholders, investors and media are as follows:-

- The Annual General Meeting ("AGM") is the principal forum for dialogue with individual shareholders whereby shareholders have direct access to the Board and are given the opportunity to ask questions during the AGM. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's operations in general;
- Timely announcements and disclosures made to Bursa Securities namely quarterly financial results, material contract awarded, changes in the composition of the Group and other material information that may affect investors' decision making;

5.0 ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The directors have unrestricted access to the advice and services of the Company Secretary and Senior Management staff in the Group and may obtain independent professional advice, if required, in the furtherance of their duties.

6.0 REVIEW OF BOARD CHARTER

The Board Charter has been approved by the Board on 17 July 2013. The Board Charter shall be reviewed by the Board periodically to ensure its relevance in assisting the Board to discharge its duties effectively and efficiently.

7.0 PUBLICATION OF THE BOARD CHARTER

A copy of this charter shall be published on the Company's website.