

# **DNONCE TECHNOLOGY BHD**

## **Board Charter**

### **1. INTRODUCTION**

1.1 The Board Charter stipulates the principal role, responsibilities and duties of the Board of Directors (“the Board”) of D’nonce Technology Bhd (“D’nonce” or “the Company”) and sets out the demarcation of the roles, functions, responsibilities and powers of the Board, the Board Committees and the Management of the Company.

1.2 The Board is accountable to the shareholders for the performance of the D’nonce Group of Companies (“the Group”) in line with the principles of corporate governance and standards of integrity, ethics and professionalism across the Group. The Board is entrusted with the objective to increase shareholders’ value within an appropriate framework, protects the rights and interests of the Company’s shareholders and ensure that the Company is properly managed.

### **2. PURPOSE**

2.1 This Charter further defines the specific responsibilities of the Board, the coordination and communication between the Board and Management and more specifically, to clarify the accountability of both the Board and Management for the benefit of the Company and its shareholders.

2.2 In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

### **3. BOARD COMPOSITION AND BALANCE**

#### **3.1 Size and Composition**

3.1.1 The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively and to facilitate the decision making of the Company. Pursuant to the Articles of Association of the Company, the Board shall not be less than two (2) directors and more than 10 directors.

3.1.2 As prescribed by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements (“MMLR”), at any one time, at least two (2) directors or one-third (1/3), whichever is higher, of the Board members must be Independent Directors. However, at all times the Board shall have a balanced composition of Executive and Non-Executive Directors, with at least half of the Board being Independent Non-Executive Directors.3.1.3 The basis for the presence of an independent voice on the Board is to ensure that objectivity in decision-

making of the Board is achieved and that no single party can dominate such decision-making in the Company.

3.1.4 The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

3.1.5 The tenure of an Independent Director shall not exceed a cumulative term of 9 years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated 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.

3.1.6 The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.

3.1.7 The Board is mindful of various diversity factors to strengthen the Board composition that meets the objectives and strategic goals of the Company. The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company, regardless of gender, age and ethnicity.

3.1.8 The Board collectively, and each Director individually, has the rights to seek independent professional advice at the Company's expense, subject to the approval of the Chairman or in the Chairman's absence, the Board.

## 3.2 Appointments and Re-election

3.2.1 The Nomination Committee and Remuneration Committee shall identify candidates with appropriate skills, experience, knowledge and expertise in order to discharge its mandate effectively and to maintain the necessary mix of expertise to the Board for approval.

3.2.2 All newly appointed Directors will be subject to retirement at the next Annual General Meeting and is eligible for re-election.

3.2.3 All other Directors are subject to retirement by rotation at least once in every three (3) years and is eligible for re-election.

3.2.4 The directorships held by any Board member at any time shall not exceed five (5) in listed companies.

### 3.3 Independence of Director

3.3.1 An Independent Director is independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement.

3.3.2 The Nomination Committee undertakes to assess the independence of its Independent Directors upon appointment, annually and when any new interest or relationship develops.

### 3.4 New Directorship and Time Commitment

3.4.1 Any Director shall notify the Chairman of the Board before accepting any new directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment.

3.4.2 The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

## 4. **BOARD ASSESSMENT**

### 4.1 Directors Assessment/Board Evaluation

4.1.1 The Board keeps its own performance under review. This includes a formal review, such as an annual review and self/peer assessment process that:

- Compares the performance of the Board with the requirements of this Charter;
- Sets forth the goals and objectives of the Board for the upcoming year; and
- Effects any improvements to this Charter that are necessary or desirable.

4.1.2 The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Nomination Committee reviews and evaluates the performance of each Director and the performance of the Company's Committees on an annual basis.

## 5. **BOARD PERFORMANCE**

### 5.1 Roles of the Board

5.1.1 The Board is responsible for the control and proper management of the Company and will assume, amongst others, the roles as follows:

- (a) To review and approve the strategies, business plans and significant policies after satisfying themselves that management has taken into account all the relevant and appropriate considerations in establishing the strategies, plans and policies.
- (b) To ensure a competent management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products and the development of its business capital;
- (c) To monitor implementation, progress and performance of the strategies, policies, plans, legal and fiduciary obligations that affect the business by adopting performance appraisal measures;
- (d) To evaluate whether the business is being properly managed and to ensure that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safe guard the Group's assets;
- (e) To ensure that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;
- (f) To establish various Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the various board committees and acting on their reports;
- (g) To ensure that the statutory accounts of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
- (h) To ensure that there is in place an appropriate succession plan for members of the Board and senior management;
- (i) To ensure that the Group adheres to high standards of ethics and corporate behaviour including transparency in conduct of business. Directors are required to comply with the Directors' Code of Best Practice which amongst others includes the declaration of any personal, professional or business interest, direct or indirect which may conflict with directors' responsibilities as a Board Member and to refrain from voting on such transaction with the Group;

- (j) To ensure that there is in place an appropriate investor relation and communication policy;
- (k) To ensure that the Company's corporate disclosure are in compliance with the disclosure requirements as set out in the MMLR; and
- (l) To ensure the Company has effective, transparent and regular communication with its stakeholders to enable them to make informed decisions with respect to the business of the Group, its policies on governance, the environment and social responsibility.

## 5.2 Policy and Strategies

5.2.1 The following matters shall be reserved to the Board for determination and/or approval (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):

- (a) corporate plans and programmes;
- (b) annual budgets, including major capital commitments;
- (c) new ventures;
- (d) material acquisitions and disposals of undertakings and properties;
- (e) changes to the management and control structure within the Company and its subsidiaries, including key policies

## 5.3 Powers delegated to Management

5.3.1 The Board shall delegate to the Chief Executive Officer, the authority and power to manage the Company and its businesses within levels of authority specified by the Board from time to time. The Chief Executive Officer may delegate aspects of his or her authority and power but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units.

## 5.4 Roles of Chairman and Chief Executive Officer

5.4.1 The Board will ensure that its Chairman is a non-executive member of the Board. The roles of the Chairman and the Chief Executive Officer are distinct and separated to ensure a balance of power and authority.

5.4.2 The Chairman is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:

- (a) ensure that the Board functions effectively, cohesively and independently of Management;
- (b) providing governance in matters requiring corporate justice and integrity;
- (c) leading the Board, including presiding over Board meetings and Company meetings and directing Board discussions to effectively use the time available to address the critical issues facing the Company;
- (d) encouraging active participation and allowing dissenting views to be freely expressed by the Board Members;
- (e) acting as liaison between the Board and management and promoting constructive and respectful relationship within and between board members and management;
- (f) ensure that there are effective communication between the Company and/or Group and its shareholders and relevant stakeholders and that their views are communicated to the Board as a whole; and
- (g) carrying out other duties as requested by the Board as a whole, depending on the needs and circumstances.

5.4.3 The Chief Executive Officer is responsible to the Board for the day-to-day management of the Company. The role of the Chief Executive Officer is vital to the performance of the Company. He/she is required to provide leadership, strategic vision, high-level business judgment and wisdom, and the ability to meet immediate performance targets without neglecting longer-term growth opportunities of the Company. The key roles of the Chief Executive Officer, amongst others, are as follows:

- (a) developing the strategic plan and direction of the Group;
- (b) ensure that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees;
- (c) ensure that the objectives and standards of performance are understood by the Management and employees;
- (d) ensure that the operational planning and control systems are in place;
- (e) monitoring performance results against plans;

- (f) taking remedial action, where necessary;
- (g) reporting on significant business decisions; and
- (h) referring to the Chairman or other board committees on matters requested from time to time.

#### 5.5 Roles and responsibilities of Senior Independent Director

- (a) acts as a sounding board to the chairman;
- (b) acts as a point of contact between the Independent Directors and Chairman on sensitive issues;
- (c) acts as point of contact for shareholders and other stakeholders on concerns and queries which cannot be resolved through the formal channel of communication;
- (d) provides leadership support and advice to the board in the event that the board is undergoing a period of stress (e.g. conflict between the chairman and Chief Executive Officer or the strategy being followed by the chairman and/or executive officer is not supported by the Board); and
- (e) leads the succession planning and appointment of board members, including the annual review of board effectiveness and ensuring that the performance of each individual director is independently assessed.

#### 5.6 Executive Directors and Non-Executive Directors

5.6.1 The Executive Director(s) is/are involved in the day-to-day management of the Company while the Non-Executive Directors are expected to provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

#### 5.7 Board Committees

5.7.1 The Board shall establish the following committees with specific terms of reference as set out in the respective Appendices:-

- (a) Audit Committee (Appendix A)
- (b) Nomination Committee (Appendix B)
- (c) Remuneration Committee (Appendix C)

5.7.2 From time to time, the Board may create ad-hoc committees to examine specific issues on behalf of the Board.

5.7.3 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. The Chairman of the respective committees reports to the Board on the outcome of the committee meetings and the minutes will be included in the Board Papers for the Board's notification.

## 5.8 Board Meetings

5.8.1 The Board shall schedule at least four (4) quarterly meetings annually. However, Special Meetings may be convened as required.

5.8.2 The Notice of Board Meeting, full agenda and the comprehensive meeting materials should be given to all Board members at least 5 business days in advance of each Board Meeting and Directors are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

5.8.3 All Board meetings shall be chaired by Chairman of the Board. Where the Chairman is absent, the Directors present shall elect one (1) of their members to be the Chairman of the meeting.

5.8.4 The appropriate key senior management personnel of the Company or its subsidiaries shall attend such meeting based on invitation basis where their presence is considered appropriate as determined by the Chairman or the Executive Directors.

5.8.5 At each scheduled meeting, the Board shall consider, where applicable, the following:-

- Financial Statements;
- Quarterly announcements to be submitted to Bursa Malaysia;
- Minutes and Reports by various committees of the Board;
- Significant capital expenditure and acquisitions;
- Significant disposal of the Company's/Group assets;
- Major operational issues; and
- Any other matters requiring its authority.

## 5.9 Directors' Remuneration

5.9.1 The remuneration of the Executive and Non-Executive Directors as well as senior management are deliberated by the Remuneration Committee and be recommended to the Board for its approval. The Company shall provide a fair, reasonable and competitive remuneration for its executive directors and senior management to ensure that the Company attracts and retains high calibre executive directors and senior management who have the skills, experience and knowledge to increase entity value to the benefit of all shareholders.

5.9.2 The remuneration policy for executive directors and senior management is based on the achievements and contribution of each person measured against their respective Key Performance Indicators. The Board shall determine the remuneration of executive directors and senior management taking into consideration the recommendations of the Remuneration Committee.

5.9.3 The non-executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, as consideration for their Board duties. The aggregate amount of directors' fees to be paid to non-executive directors is subject to the approval of the shareholders at a General Meeting.

5.9.4 Remuneration for non-executive directors is not linked to individual performance.

## 5.10 Directors' Training and Continuing Education Programme

5.10.1 In addition to the mandatory Accreditation Programme as required by the Bursa Malaysia, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

5.10.2 The Board will assess the training needs of the Directors from time to time and will ensure Directors have access to continuing education programme.

## 5.11 Financial Reporting

5.11.1 The Company aims to present a clear and balanced assessment of the Company's financial position and prospects for its financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators.

5.11.2 The Board will ensure that the financial statements are prepared in accordance with the Companies Act and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group.

## 5.10 Ethics

5.11.1 Members of the Board shall carry out their responsibilities objectively, honestly and in good faith, and act to the best interests of the Company.

5.11.2 Directors of the Company are expected to conduct themselves according to the highest standards of personal and professional integrity.

5.11.3 Directors are also expected to set the standard for Company-wide ethical conduct and ensure ethical behavior and compliance with laws and regulations.

5.11.4 Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. If any matter is to be discussed at a meeting of the Board which would involve one or more Directors having a conflict of interest, then those Directors:-

- Shall declare that conflict of interest;
- Shall not receive the relevant papers;
- Shall not be present at the meeting when the matter is being considered; and
- Shall not participate in any decision on the matter.

5.11.5 Directors are expected to act in accordance with applicable law, the Company's Constitution and the Company's Code of Conduct as provided in Appendix D. The Board should undertake a review of the Codes of Conduct annually to ensure that this code is current and relevant.

5.11.6 All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and shall not be disclosed or released to any person other than Board members, except as required by law, or as agreed by the Board.

## **6. COMPANY SECRETARY**

6.1 The Board appoints the Company Secretary who plays an important advisory role and ensure that the Company Secretary fulfils its function for which he/she has been appointed.

6.2 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 and Group.

6.3 The Company Secretary shall be of a senior position with adequate authority and shall report directly to the Board. The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

6.4 The Company Secretary carries out the following tasks:

- (a) attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, Annual General Meeting (“AGM”), Extraordinary General Meeting (“EGM”) and any other meetings that require the attendance of Company Secretary and ensure that meetings are properly convened;
- (b) ensure that the quarterly financial results, audited financial statements, annual reports, circulars, etc and all relevant announcements are announced to Bursa Malaysia and Securities Commission on a timely basis;
- (c) ensure that deliberations at the meetings are well captured and minuted, and subsequently communicated to the relevant Management personnel for necessary actions;
- (d) ensure that the Company complies with the MMLR and the requirements of the relevant authorities;
- (e) Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements and best practices;
- (f) keep the Directors and principal officers informed of the closed period for trading in the Company’s shares; and
- (g) ensure proper record and maintenance of the Company’s proceedings, resolutions, statutory records, register books and documents.

## **7. CONFIDENTIALITY AND DISCLOSURE OF INTEREST**

7.1 The Directors are required to act in the best interests of the Company. The Directors also have a duty of confidentiality in relation to the Company's confidential information.

7.2 A Director should disclose to the Board:

- (a) any material personal interest they have in a matter which relates to the affairs of the Company; and
- (b) any other interest (direct or indirect) which the Director believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

7.3 The disclosure should be made as soon as practicable after the Director becomes aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

## **8. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

8.1 The Company is committed to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company has prepared for the implementation of, amongst others, the following:

- (a) timely release of announcements and disclosures made in accordance with the MMLR to Bursa Malaysia, which include quarterly financial results, material contract and any other material information that may affect the investors' decision making;
- (b) regular dialogues with financial analysts 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;
- (c) press conference which is normally held after the Annual General Meeting/Extraordinary General Meeting to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries from the media;
- (d) all Directors shall attend the general meeting and allows shareholders to raise questions and concerns directly to the Chair of the Audit Committee, Nomination Committee, Remuneration Committee or any other directors to provide meaningful response to questions addressed to them.. The Company will also invite the external auditor to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report;
- (e) publish a summary of all key matters discussed at the annual general meeting on the Company's website as soon as practicable after the conclusion of the Annual General Meeting pursuant to the MMLR; and
- (f) shareholders can gain access to information about the Company including the summary of the Group's investor relation activities and media releases through the Company's website, [www.dnuncetech.com](http://www.dnuncetech.com).

## **9. WHISTLE BLOWING POLICY**

9.1 The Group believes in adopting high standards of integrity, honesty and accountability in the conduct of its businesses and operations. The Group aspires to conduct its business affairs in the most ethical, responsible and transparent manner possible.

9.2 The Group encourages all employees and the public to disclose any improper conduct in accordance with procedures provided under the Whistle Blowing Policy.

9.3 The Whistle Blowing Policy is provided in Appendix E.

## **10. REVIEW OF BOARD CHARTER**

10.1 The Board will review this Charter annually and make the necessary amendments to ensure that they remain consistent with the Board's objective, current law and practices.

The Board Charter was last reviewed and adopted by the Board on 29 October 2018.