



BOARD CHARTER

INTRODUCTION

The Board of Directors (“the Board”) of Yi-Lai Berhad is fully aware of the significance of sound corporate governance in preserving and enhancing shareholders’ value. Therefore, the Board is committed to ensure that high standards of corporate governance are practiced and inculcated into the organisational culture

This Board Charter sets out the roles, functions, composition, operation and processes of the Board. Its objective is to ensure that the members of the Board practice good corporate governance in their business conducts and dealings in respect of and on behalf of the Group and comply with the various laws and regulations governing them and the Group.

BOARD STRUCTURE

Board Composition, Appointment and Re-election

Pursuant to the Company’s Constitution, the number of Directors shall not be less than two or more than fifteen. The Board comprises qualified individuals with diverse mix of profiles provide the required range of skills, expertise, experience and knowledge necessary to govern the Company. The Board keeps under review the Board structure, size, composition, including the mix of independent and non-independent directors and mix of skills.

The Nomination Committee is empowered by the Board and its terms of reference to bring to the Board recommendations as to the appointment of new Directors. The Board through the Nomination Committee ensures that only individuals with the proper knowledge, experience, calibre, professionalism and integrity to fulfil the duties of a Director are recruited to the Board. In the case of candidates for the position of Independent Directors, the Nomination Committee will determine whether the test of independence under the Bursa Malaysia Listing Requirements are satisfied.

The Board does not have any gender, ethnicity and age diversity policies and targets or set any measures to meet any target. However, the Company currently has two female Directors, representing 50% of the Board’s composition, which meets the target on the gender balance.

The Company’s Constitution provides that at least one-third (1/3) of the Directors are subject to retirement by rotation at each Annual General Meeting and be subjected to re-election by shareholders at general meeting. All Directors shall retire at least once every three (3) years. The Directors to retire at each year are the Directors who have been longest in office since their last re-election. The Constitution also provides that Directors who are newly appointed by the Board shall retire and subject themselves for re-election by the shareholders at the next Annual General Meeting held following their appointment.

Directors’ Assessment

The Nomination Committee reviews the effectiveness of the Board, its Committees and the contributions of each individual Director, including independent non-executive directors, on an annual basis. The results of assessment are reported to the Board for continuous improvement.

A separate assessment for Independent Directors is also undertaken annually.

Independence of Director

At least two directors or one-third of the Board, whichever is higher, shall be independent directors in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Based on the current Board composition, half of the Board comprises Independent Directors thereby it meets the requirement of Paragraph 15.02(1) and (2) of Bursa Malaysia Listing Requirements and MCGG.

Tenure of Independent Director

The tenure of an Independent Director should not exceed a cumulative term of nine years. In the event the tenure exceeds the said term, the Independent Director concerned may continue to serve on the Board if deemed appropriate and suitable by the Board, subject to him/her being re-designated as a Non-Independent Director. Should the Board intent to retain him/her as an Independent Director, the Board must provide justification for the decision and seek annual shareholders' approval. In the event the Board continues to retain the Independent Director after the twelfth year, annual shareholders' approval must be sought through a two-tier voting process.

ROLES AND RESPONSIBILITIES OF THE BOARD

To enable the Board to discharge its responsibilities in meeting the goals and objectives, the Board assumes, amongst others, the following duties and responsibilities: -

- promoting good governance culture within the Company which reinforces ethical, prudent and professional behavior;
- reviewing and deciding on Management's proposals and monitoring the implementation by management;
- ensuring that strategic plan of the Company supports long term value creation and sustainability;
- supervising and assessing Management performance regularly;
- ensuring that there is a sound framework of internal controls and risk management;
- understanding the principal risks surrounding the Group's business and setting the risk appetite to ensure the risks are properly managed;
- ensuring the Company has in place procedures to enable effective communication with stakeholders; and
- ensuring the integrity of the Company's financial and non-financial reporting.

ROLES OF CHAIRMAN AND EXECUTIVE DIRECTOR

The position of Chairman and Executive Director are held by two different individuals.

The Chairman is responsible for: -

- Overseeing the Board in the effective discharge of its supervisory role;
- The efficient organisation and conduct of the Board's function and meetings;
- Committing the time necessary to discharge effectively his role as Chairman.

The Executive Director is responsible for: -

- Overseeing the day-to-day management of the Group with all powers, discretions and delegations authorised by the Board from time to time.

BOARD COMMITTEES

The Board of Directors delegates certain responsibilities to the Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. All committees have written terms of reference and operating procedures, and the Board receives reports of their proceedings and deliberations. The Chairman of the respective committees will brief the Board on the matters discussed at the committee meetings and minutes of these meetings are circulated to the full Board.

BOARD MEETINGS

The Board must meet at least 4 times in a financial year. All Directors must comply with the minimum attendance at Board meetings as stipulated by the Bursa Securities Listing Requirements.

A formal agenda together with the meeting materials are circulated to the Board members at least seven (7) days in advance of the Board/Board Committee meetings to ensure the Directors have sufficient time to review and to solicit further clarification and/or information, where necessary, so as to enable them to duly discharge their duties and ensure that deliberations at the meeting are constructive and focused. Management team and external advisers are normally invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda

The Board is given a full and unrestricted access to all information pertaining to the Group's affairs at all times to help in discharge of their fiduciary duties effectively. The Board is allowed, whether as a full Board or in their individual capacity, to solicit independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense. If such advice is considered necessary, it shall first be discussed with the Chairman before proceeding further.

FINANCIAL AND NON-FINANCIAL REPORTING

The Group must comply with the all the relevant reporting & non-reporting requirements as prescribed by the Listing Requirements of the Bursa Malaysia Securities Berhad.

DIRECTORS' TRAINING

The Board takes cognizance of the importance of continuous training in keeping the Directors updated and informed on the changes and developments of operating environment and the corporate regulatory framework.

The Directors will continue to attend relevant training programmes to further enhance their skills and knowledge and to keep abreast with relevant changes and developments in the market place to assist them in discharging their stewardship role.

STAKEHOLDER COMMUNICATION

The Board recognizes the importance of maintaining active communication with its shareholders and other stakeholders, and timely dissemination of information concerning the Group's business performance.

The key mean for communications with shareholders is the Annual General Meeting ("AGM") where sufficient time will be allocated to obtain feedback from the shareholders or for shareholders to raise questions or concerns. Members of the Board, the Management and the auditors of the Company are present at the AGM to respond to any queries from the shareholders.

Besides that, to ensure effective dissemination of information to the shareholders and stakeholders, the Group makes necessary announcements on the Group's affairs and development in accordance with the Listing Requirements of the Bursa Malaysia through the website of the Bursa Malaysia.

CODE OF CONDUCT

The Directors and management of the Group are committed to observing the highest standards of integrity and behaviour in all its activities. The code of conduct spells out a set of rules to be adhered by all Directors and employees when they represent the Group.

REVIEW OF BOARD CHARTER

The Board Charter would be reviewed by the Board from time to time when necessary. Amendments and updates are made from time to time in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and corporate vision as well as to be in line with the changes to statutory and regulatory requirements.

The Board Charter is published and available for reference on the Group's corporate website at www.alpha-tiles.com.my.