

BOARD CHARTER

1. PREFACE

The Board Charter of Pertama Digital Berhad (“**Company**”) spells out the composition, principal functions, responsibilities and roles of the Board of Directors (“**Board**”) of the Company, as well as responsibilities and authorities delegated to Board Committees.

The Board of the Company is primarily responsible for the stewardship of the Company, and together with the respective board of directors, of its subsidiaries (“**Group**”). The Board is entrusted with the responsibility to maximize shareholders’ value whilst safeguarding stakeholders’ interest. In addition, the Board is responsible for ensuring the Group adheres to the best practices of corporate governance as well as corporate social responsibilities.

2. OBJECTIVES

The objective of the Board Charter to ensure that Board members are aware of their roles, duties and responsibilities entrusted upon them.

3. PRINCIPAL RESPONSIBILITIES OF THE BOARD

- a) review the strategic direction of the Group and approve strategic plans, including the approval of corporate exercises;
- b) oversee the implementation of strategic plans by the Company’s management team (“**Management**”);
- c) oversee the conduct of the Group’s business, in terms of performance of the Management and financial performance to determine whether the business is properly managed;
- d) identify key risk areas affecting the operating environment of the company’s principal business and implement appropriate internal control measures;
- e) oversee the sustainability of the Group from economic, environmental and social aspects;
- f) review periodically the adequacy and integrity of internal control systems and its improvement;
- g) review the adequacy and integrity of management information systems;
- h) ensure adherence of best practices of corporate governance;
- i) ensure compliance to the applicable laws, rules and regulations;
- j) ensure appropriate succession planning of senior members of Management; and
- k) establish policy on effective communication channels with shareholders and stakeholders.

4. POWERS AND AUTHORITY

- a) The Board is empowered to exercise all powers and act on behalf of the Company in managing the business of the Company, within the ambit of the Company’s Memorandum and Articles of Association or Constitution.
- b) The Board has full decision-making powers in dealing with the following situations:
 - i) issues of conflict of interest involving a substantial shareholder and/or a director;
 - ii) material acquisition or disposal of assets and/or shares of the Company which are not in the ordinary course of the business of the Company;
 - iii) capital expenditures to be committed by the Group when the amount involved exceeds the delegated authority conferred to the Management by the Board; and

- iv) investments in shares of unlisted corporations;
 - v) setting up and approval of delegated authority conferred upon the Management pertaining to matters of the efficient management of the Company's business;
 - vi) risk management policies formulation and approval;
 - vii) internal control systems and policies; and
 - viii) any other issues that may be decided by the Board from time to time in the best interest of the Company.
- c) The directors shall at all times discharge their duties in good faith and in the best interest of the Company.
- d) The independent directors shall provide their advice, judgement and decision in an independent manner based on their knowledge and experience in their fields of profession when exercising their duties.
- e) The views of independent directors help to ensure that interest of all shareholders are taken into account by the Board when making decisions and shall be based on impartial, independent considerations.
- f) The Board is required and empowered to assess the effectiveness of the independent directors annually.
- g) List of matters to be solely decided by the Board (functions reserved for the Board):
- i) approval of the quarterly results for announcement;
 - ii) approval of agenda of Annual General Meeting ("**AGM**") and Extraordinary General meeting ("**EGM**");
 - iii) propose payment of directors' fees for shareholders' approval;
 - iv) approval of the formation of Board committees and appointment of Board committee members;
 - v) approval of appointment, resignation and retirement of directors;
 - vi) approval of appointment, resignation and retirement of company secretary;
 - vii) review and approve related party transactions and recurrent related party transactions;
 - viii) review and approval of annual reports, including the Statement on Internal Control, Statement on Corporate Governance and Chairman Statement;
 - ix) review proposal for increase in authorised capital and recommend to shareholders for approval;
 - x) review and approval of circulars and prospectus to shareholders;
 - xi) review and approval of any new business which is substantially different from the Group's existing principal business;
 - xii) approve and authorise the opening and closing of the Company's bank accounts and authorised signatories;
 - xiii) review and recommend for shareholders' approval pertaining to the appointment, re-appointment or termination of the external auditors;
 - xiv) oversight of the Audit Committee's evaluation of the external and internal auditors' performance and independence;
 - xv) approval of the appointment or re-appointment of internal auditor;
 - xvi) review the Group's Risk Management and Internal Control Framework and ensure the proper implementation of it;
 - xvii) review and approve recommendations put forth by Board Committees;
 - xviii) review and monitor the dissemination of information and/or financial reporting to the market, shareholders, external parties and other stakeholders;
 - xix) review the Board Charter annually and update wherever appropriate; and

- xx) review and approve any other matter that the Board may deem appropriate and necessary from time to time

5. COMPOSITION OF THE BOARD

- a) At least 1/3 of the Board members must be independent directors (in compliance with the Bursa Main Market Listing Requirements (“LR”) para 15.02. In the event that the number is not three or in multiples of three, then the number nearest to one-third shall be used. The Board shall comply with the LR pertaining to Board composition which may be updated from time to time.
- b) The Chairman and Group Managing Director positions shall be held by different individuals.

6. ROLES, RESPONSIBILITIES AND FUNCTIONS OF DIRECTORS

a) CHAIRMAN

- i) leads the Board in discharging its duties.
- ii) maintain a well-communicated relationship between the Executive Directors and the Non-Executive Directors.
- iii) maintain an effective communication between shareholders and other stakeholders.
- iv) coordinate, facilitate and encourage Board members to put forth their opinion and contribute their experience and expertise in assessing strategic plans of the Company
- v) chair Board meetings to ensure all issues set forth in the respective agenda are properly and adequately discussed/arbitrated.
- vi) ensures that Board resolutions are put to vote by all eligible Board members.

b) GROUP MANAGING DIRECTOR / EXECUTIVE DIRECTOR

- i) responsible for setting of the strategic direction for the Group, formulation and execution of strategic plans to achieve financial goals of the Group.
- ii) holds the executive responsibility of day-to-day management of the Group’s business within the ambit of all powers and authority delegated by the Board.
- iii) implements strategic plans approved by the Board and keep the Board updated on progress status and results of the strategic plans.
- iv) steering the direction of the Group and key operation areas (production, finance, sales and marketing), including addressing all issues relating to the key operational areas.
- v) manage the balance of the interests of different stakeholders.
- vi) act as the point of contact for all key management to the Board.
- vii) responsible for the setting of tactical strategies to secure business and sales contracts for the Group.
- viii) responsible to ensure that the Group completes all its projects on time and in a profitable manner.
- ix) responsible to constantly look for relevant investment opportunities in Malaysia and overseas and to explore other viable business opportunities to enhance financial performance of the Group.
- x) playing the role as the primary Investor Relations Officer to communicate with stakeholders, including but not limited to investors and shareholders at large with the aim of ensuring prospect & growth of the Group are well communicated.
- xi) to proactively seek and regularly learn market intelligence relating to investment opportunities that leads to growth opportunities to the Group.

c) **Responsibilities of individual Board members (director)**

- i) Perform critical review of the Group's strategic plans and progress of such plans, based on each individual director's professional field and/or entrepreneurial exposure. Assess the plans' convergence with / deviation from the strategic direction and specific strategic goals of the Group;
- ii) Instill the spirit of speak-out-loud when clarity is needed about strategic plans

7. TENURE OF INDEPENDENT DIRECTORS

a) **GENERAL PROVISIONS**

- i) The Malaysian Code on Corporate Governance recommends that the tenure of independent directors shall not exceed a cumulative term of nine (9) years. Upon reaching the stipulated period, an independent director may continue to serve on the Board, subject to the Board's approval on the re-designation as a non-independent director.
- ii) In determining whether an independent director shall be retained to serve the Board by being re-designated as non-independent director, the Board shall take into account justification for such re-designation before recommending for shareholders' approval at general meeting.
- iii) Nevertheless, the Board reckons that there are significant advantages to be gained from long-serving directors who possess valuable insight and in-depth knowledge of the Company's background and the operating environment of the Company. A long-service independent director may only continue to serve on the Board subject to approval granted by shareholders in a general meeting.

b) **FACTORS TO BE CONSIDERED IN PROPOSING TO SHAREHOLDERS FOR APPROVAL – RELATING TO THE RE-APPOINTMENT AS INDEPENDENT DIRECTORS**

- i) fulfillment of the independence criteria under the definition of independent director as stated in the LR.
- ii) demonstration of the element of objectivity to the Board.
- iii) possession of vast and diverse ranges of experiences that could be contributed to the Company through constructive opinion, independent judgment and acting in the best interest of the Group and shareholders
- iv) he has continued to exercise his independence and due care during his tenure of service.
- v) he had not entered into any related party transactions with the Group.

8. PROCESS AND PROCEDURES OF CONVENING BOARD MEETINGS

8.1 FREQUENCY OF CONVENING MEETINGS

- a) the Board meets at least four (4) times a year; and
- b) ad-hoc meetings may be arranged when the need arises.

8.2 QUORUM

The required quorum of Board meetings shall be three (3) persons.

NO meeting shall be convened or any act be binding and effective should the required quorum not be achieved.

8.3 VOTING

- a) Each director is entitled for ONE vote by a show of hand.

8.4 MINUTES AND RECORDS

- a) The company secretary shall be the secretary of Board meetings; and
- b) Minutes of Board meetings, resolutions passed and other relevant records are taken and kept by the company secretary.

8.5 ORGANISING A MEETING

- a) fixing of meeting date and venue; and
- b) preparation and distribution of notice to Board members and invitees (where applicable).

8.6 ORDER OF BUSINESS

- a) order of business of Board meetings shall be in accordance with the agenda distributed to Board members.

8.7 CONTROL OF CONDUCT OF BOARD MEETING

- a) the Chairman of the Board shall preside at Board meetings.
- b) in the absence of the Chairman, he shall direct an alternate to chair the Board meeting and carry out all duties as Chairman of the meeting.

8.8 JOINT COMPANY SECRETARIES

- a) The company secretary shall be the secretary of Board meetings.
- b) The appointed company secretaries shall be suitably qualified and experienced professionals in terms of rules and regulations governing listed companies as well as competent in providing advice to the Board and Board Committees pertaining to regulatory compliance and updates.
- c) To perform all such duties and exercise all such powers with any other officers that may be delegated to him by the Board of Directors