



BIOALPHA HOLDINGS BERHAD

Company No.: 949536-X
(Incorporated in Malaysia)

BOARD CHARTER & TERM OF REFERENCES OF BOARD COMMITTEES

Definitions

Unless otherwise indicated the following definitions apply throughout this Board Charter:

"AGM"	Annual General Meeting
"BHB" or "the Company"	Bioalpha Holdings Berhad (Company No.: 949536-X)
"Bioalpha Group"	Bioalpha Holdings Berhad and its subsidiaries
"Board"	Board of Directors of the Company
"Bursa Securities"	Bursa Malaysia Securities Berhad (635998-W)
"CA"	Companies Act, 1965
"CC"	Combined Code on Corporate Governance
"EGM"	Extraordinary General Meeting
"ESOS"	Employee Share Option Scheme
"SC"	Securities Commission
"Listing Requirements"	Listing Requirements of Bursa Securities
"Management"	Managing Director, Executive Directors and senior management of the Group.
"MCCG"	Malaysian Code on Corporate Governance

1. Introduction

1.1 The Directors of BHB regard Corporate Governance as vitally important to the success of BHB's business and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholders and relevant shareholders:

1.1.1 The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Group.

1.1.2 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.

1.1.3 All Board members are responsible to the Company for achieving a high level of good governance.

1.1.4 The Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.

2. Objectives

2.1 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 legislation 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.

2.2 In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practises locally and internationally.

3. The Board

3.1 Role

3.1.1 The Board is charged with 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 Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

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Para A.1*

3.1.2 The Board understands that the responsibilities for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the MCCG. The Board includes a narrative statement in the Group's Annual Report on the extent of compliance with the principles and best practices in Corporate Governance pursuant to Paragraph 15.26 of the LR.

*LR
Para 15.26*

3.1.3	The Group complies with the various guidelines issued by Bursa Securities and the SC relating to disclosure and internal audit functions.	MCCG Para 4 AA XIV
3.1.4	The Board meets in person 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 sphere of responsibility.	
3.1.5	Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Group, setting the aims of the Management and monitoring the performance of the Management.	
3.1.6	The Board assumes the following specific duties: <ul style="list-style-type: none"> a) Establishing and reviewing the strategic direction of the Group; b) Overseeing and evaluating the conduct of the Group's businesses; c) Identifying principal risks and ensure that the risks are properly managed; d) Establishing a succession plan; e) Developing and implementing an investors relations programme or shareholders communication policy; and f) Reviewing the adequacy of the Group's internal control policy and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. 	MCCG Part 2 AA1
3.1.7	The Board has established written procedures determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.	MCCG Part 4 AA XV
3.1.8	The Board reserves full decision-making powers on the following matters: <ul style="list-style-type: none"> a) Conflict of interest issues relating to a substantial shareholder or a Director; b) Material acquisitions and disposition of assets not in the ordinary course of business of the Group; c) Investments in Capital projects; d) Authority levels; e) Treasury policies; f) Risks Management policies; and g) Key human resource issues. 	MCCG Part 4 4.45
3.1.9	The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Group's expense.	MCCG Part 4 AA XX LR Para 15.04
3.2	Composition and Board Balance	
3.2.1	The Board consists of qualified individuals with diverse experiences, background and perspective. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.	MCCG Para 4 AA XII
3.2.2	At any one time, at least two (2) or one-third (1/3) whichever is higher, of the Board members are independent Directors.	LR Para 15.02 MCCG Part 2 AA VI

- 3.2.3 Profiles of Board members are included in the Annual Report of the Company.
- 3.2.4 The Managing Director (MD) and the Executive Directors are the "Executive" Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.
- 3.2.5 Non-Executive Directors meet as a group at least once a year without the Chairman or Executive Directors present. There is a statement in the Annual report on whether the Non-Executive Directors have met without the Chairman or Executive Directors being present. *Higgs Report Para 8.8*
- 3.2.6 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.2.7 The Independent Directors help to ensure that the interest of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.2.8 The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- 3.2.9 The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the CEO have failed to resolve them. The Senior Independent Directors chairs the meetings between the Non-Executive Directors where both the Chairman and Executive Directors do not attend. *MCCG Part 4 AA VII Higg Report Para 7.5*
- 3.2.10 If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

3.3 **Appointments**

- 3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation by the Nomination Committee. *MCCG Part 4 AA VIII*
- 3.3.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Group.
- 3.3.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed. *MCCG Part 2 AA XI*
- 3.3.4 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
- 3.3.5 The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and *MCCG Part 2 AA XII*

nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors. The Nomination Committee is primarily responsible for the induction programme with appropriate assistance from other senior Executive Directors.

*Higgs Report
Para 11.4*

The Company shall establish a policy formalising its approach to boardroom diversity and to disclose in the Annual report the gender diversity policies, targets and measures taken to meet those targets. The Board through the Nomination Committee will take the necessary steps to ensure that women candidates are sought as part of its recruitment exercise.

- 3.3.6 The Company has adopted educational/ training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Group.

*Higgs Report
Para 11.6 – 11.18*

- 3.3.7 In addition to the Mandatory Accredited Programme (MAP) as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

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Para 15.09*

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Para 11.6 – 11.18*

- 3.3.8 The directorship held by any Board member at anytime shall not exceed five (5) in listed companies.

3.4 Re-election

- 3.4.1 All Directors are subject to retirement by rotation.

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Para 7.28*

- 3.4.2 One-third (1/3) or the number nearest to one-third (1.3) of the Directors shall retire from office and be eligible for re-election at the AGM.

- 3.4.3 Each Director shall retire from office at least once in every three (3) years and the Directors to retire each year are the Directors who have been longest in office since their last re-election.

3.5 Supply of Information

- 3.5.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

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- 3.5.2 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. 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.

*Higgs Report
Para 11.26*

- 3.5.3 A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting.

*Higgs Report
Para 11.25*

3.5.4 Amongst others, the Board papers include the following:

- a) Quarterly financial report and analytical review on the Group's quarterly results;
- b) Minutes of meetings of all Committees of the Board
- c) A current review of the operations and future prospects of the Group;
- d) Reports on Related Party Transactions and Recurrent Related Party Transactions;
- e) Directors' share-dealings, including public shareholding spread;
- f) Reports from Internal and External Auditors, if any; and
- g) Annual Operational and capital budgets.

3.5.6 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during normal office hours.

4. 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 Chairman (i.e. Non-Executive Chairman) and Managing Director are separated and clearly defined.

4.1 Chairman

4.1.1 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

*Higgs Report
Para 5.2*

- a) Leading the Board in setting the values and standards of the Company and the Group;
- b) Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- c) Ensuring the provision of accurate, timely and clear information to Directors;
- d) Ensuring effective communication with shareholders and relevant stakeholders;
- e) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
- f) Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.

4.1.2 The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.

*MCCG
Part 4 4.19*

4.1.3 The Chairman is responsible for managing the business of the Board to ensure that:

- a) All Directors are properly briefed on issues arising at Board meetings.
- b) Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
- c) The issues discussed are forward looking and concentrates on strategy.

4.1.4	The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.	MCCG Part 4 4.21
4.1.5	The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.	MCCG Part 4 4.19
4.1.6	The Chairman will have no casting vote if two Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue.	LR Para 7.34
4.2	Managing Director (MD)	
4.2.1	The MD is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.	
4.2.2	The MD has the executive responsibility for the day-to-day operation of the Company's business.	
4.2.3	The MD implements the policies, strategies and decisions adopted by the Board.	
4.2.4	All Board authorities conferred on the Management is delegated through the MD and this will be considered as the MD's authority and accountability as far as the Board is concerned.	
5.	Board Committees	
	The Board appoints the following Board Committees with specific terms of reference:	
	<ul style="list-style-type: none"> • Audit Committee • Nomination and Remuneration Committee 	
	Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required. Details of the membership and a summary of the terms of reference of each Committee appointed by the Board are published in the Annual Report.	Higgs Report 13.1
5.1	Audit Committee	
5.1.1	Composition of Audit Committee	
	The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, where all the members must be non-executive directors with a majority of whom shall be independent Non-Executive Directors. No alternate Director can be appointed as a member of Audit Committee.	LR Para 15.10
	The Board shall, within three (3) months of a vacancy occurring in the Committee which results in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.	
	The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. An alternate Director must not be appointed as a member of the Committee.	

The members of the Committee must fulfil such other requirements as prescribed or approved by Bursa Securities.

5.1.2 **Membership**

At least one member of the Audit Committee:

- a) Must be a member of the Malaysian Institute of Accountants; or
- b) If not a member of the Malaysian Institute of Accountants, that member must have at least three (3) years' working experience and must have passed the examinations specified in part I of the 1st Schedule of the Accountants Act, 1967; or must be a member of one of the associations of the accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- c) Must have a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification in accounting or finance; or
- d) Must have a least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

5.1.3 **Authority**

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference or as otherwise directed by the Board, it shall have:

- a) The authority to investigate any matter within its terms of reference;
- b) The resources which are required to perform its duties;
- c) Full and unrestricted access to any information pertaining to the Group;
- d) Direct communication channels with the external auditors and the internal auditors;
- e) The right to obtain independent professional or other advice;
- f) The right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Audit Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and reasonable for the performance of its duties.

The Board shall review the performance of the Audit Committee once in every three (3) years.

5.1.4 **Meeting and Minutes**

- a) The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties.
- b) In addition to the Audit Committee members, the meetings will normally be attended by a representative of the departments in the Company, the Chief Financial Officer and by the external and internal auditors as and when required.
- c) The Audit Committee may invite any person to be in attendance to assist it in its deliberations. The CEO, General Manager, Head of Internal Control and the Financial Controller may attend the meetings

only at the invitation of the Audit Committee.

- d) A quorum shall consist of a majority of Independent Non-Executive Directors and shall not be less than two (2).
- e) The decision of the Audit Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.
- f) Apart from passing resolutions at actual Committee Meeting, the Committee may also pass written resolutions.
- g) The Audit Committee shall be reporting to the full Board from time to time its recommendations for consideration and implementation. However, the actual decisions shall be the responsibility of the Board after considering the recommendations of the Audit Committee,
- h) The Company Secretary shall act as Secretary of the Audit Committee and shall be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation to the Audit Committee members prior to each meeting.
- i) The Secretary shall also be responsible for recording the proceedings of the Audit Committee.

5.1.5 Functions

The functions of the Audit Committee are to review the following and report the same to the Board:

- a) With the external Auditor, the audit plan.
- b) With the external Auditor, his evaluation of the system of internal controls;
- c) With the external Auditor, his Audit Report;
- d) Nomination of external Auditor and the recommendation and terms of engagement of the external Auditor;
- e) The assistance given by the employees of the Company to the external Auditors;
- f) The adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- g) The internal audit programme, processes, the results or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit functions;
- h) To approve any appointment or termination of the performance of the internal audit function.
- i) The quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - (i) Changes in or implementation of major accounting policy changes;
 - (ii) Significant and unusual events;
 - (iii) Going concern assumption; and
 - (iv) Compliance with applicable approved financial reporting standards, regulatory and other legal requirements;
- j) Any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management

- integrity;
- k) Any letter of resignation from the external Auditors of the Company;
- l) Whether there is reason (supported by grounds) to believe that the Company's external Auditor is not suitable for re-appointment.
- m) To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with criteria as stipulated in the By-laws of ESOS of the Company, if any;
- n) To direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts; and
- o) Such other responsibilities as may be agreed to by the Audit Committee and the Board.

5.2 **Nomination Committee**

5.2.1 **Composition**

The Nomination Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from the Independent Directors.

*MSSG
Part 4 AA VIII*

5.2.2 **Quorum**

Two (2) members shall form a quorum for meetings.

5.2.3 **Chairman**

The members of the Committee shall elect a Chairman from among their members who shall be a Senior Independent Director identified by the Board.

5.2.4 **Secretary**

The Secretary to the Nomination Committee shall be the Company Secretary.

5.2.5 **Meeting**

- a) The Nomination Committee shall at least meet once a year or at such other times as the Chairman of the Committee deems necessary.
- b) Minutes of each meeting shall be distributed to each member of the Board.
- c) Questions arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second casting vote provided that two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the issue, shall not have a casting vote.
- d) The Committee Secretary shall prepare minutes of meetings and have them approved by the Committee Chair. Minutes of meeting shall be submitted to the next meeting of the Committee and to each members of the Board. Minutes signed by the Committee Chair shall be conclusive evidence of the matters recorded in such minutes.
- e) Apart from passing resolutions at actual Committee Meeting, the Committee may also pass written resolutions.

5.2.6 Functions

- a) To review regularly the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- b) To provide and identify new nominees for appointment to the Board of Directors.
- c) To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director as well as the Managing Director.
- d) To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board and to take necessary steps to ensure that women candidates are sought as part of its recruitment exercise. The nomination and election process of board members should be disclosed in the Annual Report.
- e) To recommend to the Board, Directors to fill the seats on Board Committees.
- f) To review annually the Board's mix skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board.
- g) To determine annually whether or not a Director is Executive, Non-Executive or Independent.
- h) To develop the criteria to assess independence of the Independent Directors of the Company.
- i) To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation.
- j) To consider, in making its recommendations, candidates for directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder.
- k) To orientate and educate new Directors on the nature of the business, current issues within the Group and the corporate strategy, the expectations of the Group concerning input from the Directors and the general responsibilities of Directors.
- l) To consider the appointment of any Director to executive or other office other than the position of Chairman or Managing Director, the recommendation for which would be considered at a meeting of the Board.

5.2.7 In the event that the Board appoints a new Chairman, the Nomination Committee will be guided by the following principles prior to making recommendations to the Board:

*Higgs Report
Para 10.35*

- a) That the Senior Independent Director leads the appointment process.
- b) That a systematic evaluation be undertaken to identify the skills and expertise required for the role.

- c) That all short listed candidates be considered with the possibility of obtaining external advice, if necessary.

5.2.8 **Reporting Procedures**

- a) The actual decision as to who shall be appointed to the Board shall be the responsibility of the full Board after considering the recommendation of the Committee.
- b) The Committee should report to the full Board for its consideration and implementation. A statement about the activities of the Committee in discharge of its duties for the financial year should be disclosed in the Annual Report.
- c) The Board should apply those criteria developed by the Committee to assess the independence of the Independent Director upon admission, annually and when any new interest or relationship develops. The Board should disclose that it has conducted such assessment in the Annual Report and in any notice convening a General Meeting for the appointment and re-appointment of Independent Directors.
- d) Memberships of the Nomination Committee should appear in the Annual Report.

5.3 **Remuneration Committee**

5.3.1 **Composition**

The Remuneration Committee comprises Non-Executive Directors and a majority of the Committee members are appointed from the Independent Directors.

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Part 2 XXIV*

5.3.2 **Quorum**

Two (2) members shall form a quorum for meetings.

5.3.3 **Chairman**

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

5.3.4 **Secretary**

The Secretary to the Remuneration Committee shall be the Company Secretary.

5.3.5 **Meeting**

- a) The Remuneration Committee shall at least meet once a year or at such other times as the Chairman of the Committee deems necessary.
- b) Minutes of each meeting shall be distributed to each member of the Board.
- c) Questions arising shall be decided by a majority of votes. In the case of

an equality of votes, the Chairman of the meeting shall have a second casting vote provided that two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the issue, shall not have a casting vote.

- d) The Committee Secretary shall prepare minutes of meetings and have them approved by the Committee Chair. Minutes of meeting shall be submitted to the next meeting of the Committee and to each members of the Board. Minutes signed by the Committee Chair shall be conclusive evidence of the matters recorded in such minutes.
- e) Apart from passing resolutions at actual Committee Meeting, the Committee may also pass written resolutions.

5.3.6 Functions

- a) To recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary.
- b) To recommend to the Board, guidelines for determining remuneration of Non-Executive Directors.
- c) To recommend to the Board any performance related pay schemes for Executive Directors.
- d) To review Executive Directors' scope of service contracts.
- e) To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions.

5.3.7 Reporting Procedures

- a) The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of the Committee.
- b) Executive Directors do not participate in discussions on their own remuneration.
- c) The determination of remuneration packages of Non-Executive Directors is needed to run the Group successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. The level of remuneration should reflect the experience and responsibilities undertaken by the particular Non-Executive Director concerned.
- d) Memberships of the Remuneration Committee should appear in the Annual Report.

6. Remuneration Levels of Directors

- 6.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve its goal. *Higgs Report
Para 12.24*
- 6.2 The level of remuneration for the CEO and Executive Directors is determined by the Nomination and Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- 6.3 Non-Executive Directors are entitled to participate in the Company's Employee Share Option Scheme (ESOS) subject to approval at a General Meeting. Non-executive Directors who participated in the ESOS are prohibited to sell, transfer or assign the shares within one (1) month from the date of offer of such options. *LR
Para 6.30A
8.21D*
- 6.4 No Director other than the CEO and the Executive Directors shall have a service contract with the Company.
- 6.5 A formal independent review of the Directors' remuneration is undertaken no less frequently than once every three (3) years.
- 6.7 There is adequate disclosure in the Annual report with a note on the remuneration of the Directors.

7. Financial Reporting

7.1 Transparency

- 7.1.1 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators. *MCCG
Part 4 DI*
- 7.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards. *CA
Section 169(15)*
- 7.1.3 Subject to the listing of the Company, the Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period or in accordance with other relevant listing requirements. *LR Para 9.22(1)*
- 7.1.4 The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statement. *CA
Section 174*

7.2 Company Auditors

- 7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee. *MCCG Part 4 DIII*
- 7.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company. The Audit Committee shall obtain written assurance from the external auditors *MCCG
Part 4 4.15*

confirming that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

- 7.2.3 The appointment of Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year. *CA Section 172(1)*

7.3 Internal Control and Risk Management

- 7.3.1 The Company has a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditures and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.

- 7.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.

*MCCG
Part 4D II,
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- 7.3.3 The Audit Committee received supports regarding the outcome of such reviews on a regular basis.

- 7.3.4 The CEO and Chief Financial Officer are to provide an assurance to the Board annually on whether the Company's risk management and internal control system is operating adequately and effectively in all materials aspects.

8. General Meeting

8.1 AGM

- 8.1.1 The Company regards AGM as an important event in the corporate calendar of which all the Directors and key senior executives should 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.

*MCCG
Part 4 4.79*

- 8.1.3 The Chairman encourages active participation by the shareholders during the AGM. The Company would conduct poll voting if demanded by shareholders at the AGM.

- 8.1.4 The Chairman and, where appropriate, the CEO responds to the 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.

*MCCG
Part 4 4.79 (ii)*

8.2 Extraordinary General Meeting (EGM)

- 8.2.1 The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

9. **Investor Relations and Shareholders 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.

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 The Company conducts dialogues with financial analysts from time to time 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.

9.4 A press conference will normally be held after each General Meeting. At this press conference, the Chairman or CEO will give a press release stating the Company's results, their prospects and outline any specific event for notation. All press releases will be vetted by the Corporate Disclosure manager to ensure that information that has yet to be released to Bursa Securities is not released to the press.

*Bursa Malaysia
Best Practices
in Corporate
Disclosure*

9.5 The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

*Bursa Malaysia
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Disclosure*

10. **Relationship with other Stakeholders**

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regards, the needs and interests of other stakeholders are also taken into consideration.

10.1 **Employees**

10.1.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.

10.1.2 The Company adopts comprehensive and documented policies and procedures with respect to the following

- a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
- b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace.

10.2 **Environment**

10.2.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.

10.2.2 The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

10.2.3 The Company supports initiatives on environmental issues.

10.3 Social Responsibility

- 10.3.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.
- 10.3.2 The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.
- 10.3.3 The Company supports 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. *MCCG
Part 4 4.53*
- 11.2 The Chairman is accountable to the Board through the Chairman of the Board and Committees on all governance matters
- 11.3 The Company Secretary is a central source of information and advice to the Board and its Committees on the issues relating to compliance with laws, rules, procedures and regulations affecting the Company. *Higgs Report
Para 11.30*
- 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.
 - 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. *Higgs Report
Para 11.31*
- 11.6 The Board members have unlimited access to the professional advice and services of the Company Secretary. *MCCG
Part 4 AA XXI*

12. Application

- 12.1 The principles set out in this Board Charter are:
 - a) Kept under review and updated as practices on Corporate Governance development and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
 - b) Applied in practice having regard to their spirit and general principles; and
 - c) Summarised in the Annual Report as part of a narrative statement by the Directors in Corporate Governance.
- 12.2 The Board endeavours to comply at all time with the principles and practices set out in this Board Charter.
- 12.3 Any updates to the principles and practices set out in this Board Charter will be made available on the Company's website.

This Board Charter was approved by the Board of Directors of BHB and signed off by the Managing Director of BHB Group on 27 March 2014.

Hon Tian Kok @ William
Managing Director
Bioalpha Holdings Berhad
Dated: