



XOX TECHNOLOGY BERHAD
(F.K.A. M3 TECHNOLOGIES (ASIA) BERHAD)
199901007872 (482772-D)

BOARD CHARTER

OVERVIEW

The Board of Directors (“Board”) of XOX Technology Berhad (F.K.A. M3 Technologies (Asia) Berhad) (“the Company”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“Group”) as a fundamental part of discharging its duties to enhance shareholders’ values consistent with the principles and best practices set out in the Malaysian Code on Corporate Governance 2012 (“the Code”). The Board supports the highest standards of corporate governance and the development of best practices for the Group

The Board recognizes that the practice of good corporate governance is fundamental in this era of globalization where corporate climate calls for enhancement of shareholders’ value, alongside safeguarding the interest of shareholders and stakeholders of the Company.

This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board Members acting on behalf of the Company are aware of their duties and responsibilities as Board Members.

1. COMPOSITION AND BALANCE OF THE BOARD

1.1 Size and Composition

The strength of the Board lies in the composition of its members, who has a wide range of expertise, extensive experience and diverse background in business, finance and technical knowledge.

The presence of the Independent Non-Executive Directors on the Board and in meetings ensures that decisions made by the Board remains objective and independent, and that the interests of minority shareholders are addressed and are accorded with due consideration.

The Articles of Association of the Company provides for a minimum of two (2) Directors and a maximum of twenty (20) Directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

1.2 Nomination and Appointments

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee will make recommendations to the Board who will then go through the list of candidates identified and arrive at a decision on the appointment of the Director. The Company Secretary will then ensure that all appointments are properly made and that all legal and regulatory obligations are met.

1.3 Re-election

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to re-election by the shareholders at the annual general meeting following their appointment. At least one third of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each annual general meeting.

Directors who are over seventy (70) years of age are required to submit themselves for annual re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

1.4 Independence

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

1.5 Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a year to year basis.

1.6 Evaluation of the Directors and the Board's as a whole

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Nomination Committee is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board's Committees on an annual basis. In assessing suitability of candidates, considerations will be given to the competencies, commitment, contribution and performance.

The Nomination Committee is required to report annually to the Board an assessment of the Board's and its committees' performance. This will be discussed with the full Board. Every year, the Nomination Committee will evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board committees.

2. ROLES AND RESPONSIBILITIES**2.1 Board Responsibilities**

The Board is entrusted with the proper stewardship of the Company's resources for the best interest of its shareholders and also to steer the Group towards achieving the maximum economic value possible. The members of the Board have extensive experience and expertise in a wide range of related and unrelated industries and have been selected based on their skills, knowledge and their ability to add strength to the leadership.

The Directors are equally accountable for the Company's activities, strategy and financial performance. Particular attention is given to ensure that the strategies proposed by the Management of the Company are discussed and reviewed by the Board.

The Executive Director and Executive Directors have the responsibility to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Non-Executive Directors contribute their expertise and experiences to give independent judgment to the Board on issues of strategy, performance and standards of conduct.

No individual or group of individuals dominates the Board's decision-making. Together, the Directors possess the wide range of business, commercial and financial knowledge, expertise and skills essential in the management and direction of a corporation with regional presence.

The Board provides overall strategic direction and effective control of the Company. The Board has reserved appropriate strategic, financial and operational matters for its collective decision. Key matters, such as approval of annual financial budgets, acquisitions and disposals of material investment, material agreements, major capital expenditures, , reviewing the adequacy and integrity of the Group's internal control systems are reserved for the Board.

The Directors are required to declare their direct and indirect interests in the Company and related companies. The Directors are also responsible to declare whether they and/or any person(s) connected to them have any potential conflict of interest in any transaction and/or in any contract with the Company and/or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from the Board deliberation and voting and shall ensure that he or she and person(s) connected to him or her will abstain from voting on the related resolution.

2.2 Accountability and Audit

i. Financial Reporting

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both on a quarterly and full year basis, and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance to the applicable financial reporting standards.

The Audit Committee plays a crucial role in assisting the Board to scrutinise the information for disclosure to shareholders to ensure material accuracy, adequacy and timeliness.

ii. Internal Control and Risk Management

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management.

Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the board that the processes have been carried out.

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced Internal Auditors are reported regularly to the Audit Committee which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls

The Board recognizes that identification, evaluation and management of significant risks faced by the Company are an on-going commitment including the improvement of the system of internal controls and strengthen the Company's control environment and processes.

iii. Relationship with Auditors

The Group has established a transparent and appropriate relationship with both the outsourced Internal Auditors and the External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to a third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the management.

2.2 Responsibilities of the Chairman and Executive Director (“ED”)

There is a proper balance of power and authority on the Board, with clear division of responsibility between the Chairman and the ED. This delineation provides a good check and balance, with the Chairman being responsible the leadership, effectiveness, conduct and governance of the Board while the ED leads the management of the Group and has overall responsibility for the operating units and the implementation of the Board’s policies and decisions.

The responsibilities of the Chairman, amongst others, are as follows:

- i. To provide leadership to the Board.
- ii. To oversee the effective discharge of the Board’s supervisory role.
- iii. To facilitate the effective contribution of all Directors.
- iv. To conduct and chair Board Meetings and General Meetings of the Company.
- v. To manage Board communications and Board effectiveness and effective supervision over Management.
- vi. To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner.
- vii. To ensure Board Meetings and General Meetings are in compliance with good conduct and best practices.
- viii. To promote constructive and respectful relations between Board members and between the Board and the Management.

- ix. Together with the ED, represents the Company and / or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.

The responsibilities of the ED, amongst others, are as follows:

- i. To ensure the efficient and effective operation of the Group.
- ii. To manage the overall business and oversees the day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board.
- iii. To develop and recommend to the Board strategic business direction, plans and policies of the Group that leads to the creation of shareholder value.
- iv. To develop and recommend to the Board the operational plan and annual budget that support the Company or the Group's long-term strategy.
- v. To ensures continuous improvement in the quality and value of the products and services provided by the Group.
- vi. To ensure that the Company or the Group achieves and maintains a satisfactory competitive positions within its industry.
- vii. To formulate and oversee the implementation of major corporate policies.
- viii. To report to the Board periodically on the financial positions of the Group which include forecast results as required from time to time.
- ix. To serve as the chief spokesperson for the Group.
- x. To report to the Board on key performance indicators in relation to the financial results, market conditions and other developments.
- xi. To responsible for the financial management of the Company and / or Group and overseeing the handling of financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources.
- xii. To bring material matters to the attention of the Board in an accurate and timely manner.

2.3 Board Committees

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities.

- i. Audit Committee
- ii. Nomination Committee
- iii. Remuneration Committee

The Committees shall operate under clearly defined terms of reference. The Committees are authorized by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

2.4 Company Secretary

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.

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.

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required.

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

3. BOARD PROCESSES

3.1 Board Meetings

The Board meets at least four (4) times a year, with additional meetings to be convened whenever necessary. Prior to each Board meeting, notice of meetings, setting out the agenda and accompanied by the relevant Board reports and documents are provided to the Directors on a timely manner to allow the Directors to peruse, obtain additional information and where applicable, seek further clarification on the matters to be tabled at the meeting.

The proceedings and resolutions passed at each Board Meeting are minute and kept in the statutory minutes book at the registered office of the Company.

3.2 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual Directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry which the Group operates.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the trainings attended by the Directors.

3.3 Directors' Remuneration

The Remuneration Committee recommends to the Board the remuneration framework and remuneration package of the Executive Director and Executive Directors of the Company. The level of remuneration reflects the experience, responsibilities, contribution and performance by each individual director.

The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

The determination of the fees of the Non-Executive Directors is decided by the Board as a whole. Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

3.4 Access to Information and Independent Advice

Directors have access to all information within the Company whether as full board or in their individual capacity, in furtherance of their duties. In addition, whenever independent professional advice is required by the Directors, outside experts may be engaged at the Company's expense. Before incurring such professional fees, the Director concerned must consult with the Chairman, or with two (2) other Directors (one of whom is a Non-Executive Director). Such advice was not sought by any of the Directors for the financial year under review.

The Directors have unrestricted access to information from the management, the Company Secretary, the outsourced Internal Auditors as well as the External Auditors of the Group in furtherance of their duties.

3.5 Investor Relations and Shareholder Communication

The Board acknowledges its role in representing and promoting the interests of shareholders, and its accountability to shareholders for the performance and activities of the Group. Quarterly results, announcements, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast on the Group's progress and development. Regular briefings and discussions sessions with analysts and investors were held by the Executive Director. The Group has also conducted analysts briefing with fund managers and potential investors.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communications. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the General Meetings.

The Annual General Meeting ("AGM") is a crucial mechanism and it is the principal forum in shareholder communication. Shareholders are notified of the meeting and provided with a copy of the Company's annual report twenty one (21) days before the meeting. At each AGM, the Board presents the progress and performance of the Company and provides shareholders with an opportunity to ask for more information pertaining to the financial statements, without limiting the time and questions asked.

During the AGM, the Chairman and Board will respond to queries and undertake to provide sufficient explanation and clarification on issues and concerns raised by the shareholders.

4. CODE OF ETHICS AND CONDUCT

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and the core areas of conduct include the following:-

- i. Compliance at all times with the Code of Ethics and Conduct and the Board Charter.
- ii. Observe high standards of corporate governance at all times.

Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership, including fair dealing and the ethical handling of conflicts of interest.

- iii. Not misuse information gained in the course of duties for personal gain or for political purposes.
- iv. Uphold accountability and act in good faith and in the best interests of the Company and the Group.

- v. Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information.
- vi. Ensure full, fair, accurate, timely and understandable disclosure.
- vii. Declaration of any personal, professional or business interests that may conflict with responsibilities.

The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.

5. REVIEW OF THE BOARD CHARTER

The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. The Board Charter is made available for reference in the Company's website.