

**BOARD CHARTER**

# REDTONE INTERNATIONAL BERHAD

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## BOARD CHARTER

### TABLE OF CONTENTS

	Page No.
I. Board Responsibilities	2
II. Board Membership Guidelines	3
III. Board and Member Evaluations	5
IV. Directors' Remuneration	5
V. Board Structures and Procedures	5
VI. Relationship of the Board with Management	8
VII. Relationship between the Board and Shareholders, Institutional Investors, Press, Customers, etc	10
 Appendices	
A. Schedule of Matters Reserved for Collective Decision of the Board	11
B. Position Description of the Chairman	12
C. Position Description of the Executive Directors	13
D. Position Description of the (I) Non-Executive Directors; and (II) Independent Non-Executive Directors	14
E. Directors' Code of Best Practice	16
F. Audit Committee Terms of Reference	18
G. Remuneration Committee Terms of Reference	21
H. Nomination Committee Terms of Reference	23

# REDTONE INTERNATIONAL BERHAD

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## BOARD CHARTER

### I. BOARD RESPONSIBILITIES

The Board of Directors (“Board”) representing the shareholders are empowered to ensure the proper management of the entity, including optimising long-term financial returns. The Board is responsible for ensuring that the Company and its subsidiaries (“Group”) are managed to achieve this result. This is an active, not a passive, responsibility. The Board must ensure that in good times, as well as difficult ones, management is capable of executing its responsibilities.

In addition to fulfilling its obligations for increased shareholder value, the Board has the responsibility to the Group’s customers, employees, suppliers and to the environment, governance and communities where it operates, all of whom are fundamental to a successful business. All of these responsibilities, however, are founded upon the successful continuation of the business.

The duties, powers and functions of the Board are governed by the Articles of Association of the Company, the Companies Act 1965, regulatory guidelines and requirements that are in force.

Having regard to the responsibilities and obligations, the Board will direct and supervise the management of the business and affairs of the Group including:

1. Ensuring that the Group’s goals are clearly established
2. Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;
3. Ensuring that the Group has appropriate risk management process, including adequate control environment be it the internal control systems or the management information systems
4. Appointing board committees to address specific issues, considering recommendations of the various board committees and discussing problems and reservations arising from these committees’ deliberations and reports;
5. Ensuring 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;
6. Reviewing the Board Charter at least once in every three years and making it available publicly on the Company’s website;

Directors should consult the Chairman and the Company Secretary, as required for any clarifications on their responsibilities and duties and any dealings from which potential conflict of interest situation may arise.

Directors must at all times be aware of their additional role as ambassadors of the Group and as such should be guided accordingly.

A Schedule of Matters reserved for collective decision of the Board is provided in Appendix A.

## II. BOARD MEMBERSHIP GUIDELINES

### 1. Size of the Board

The maximum number of directors is stipulated in the Articles of Association. Generally, the size of the Board will be such that the common purpose, involvement, participation, harmony and sense of responsibility of the Board Members will not be jeopardised. It must be large enough to ensure a range of knowledge, views and experience and should be a size that encourages effectiveness.

### 2. Composition

The composition of the Board will reflect the duties and responsibilities it is to discharge and perform as representatives of the interests of shareholders.

At least two directors or one third of the Board, whichever is higher, shall be independent directors. If the number of directors is not a multiple of three, then the number nearest one third shall be used. The definition of independent director follows that of Paragraph 1.01 of the Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("Listing Requirements").

The Nomination Committee is responsible for overseeing the selection and reviewing, on an annual basis, the appropriate skills, experience and characteristics required of Board Members, in the context of the needs of the Group with reference to its Business.

Upon receipt of the recommendation from the Nomination Committee and/or shareholders of the Company, the Board itself should be responsible for selecting its members pursuant to Article 92 of the Articles of Association of the Company and/or in recommending them for election by the shareholders in accordance with the Companies Act 1965 ("CA 65"). The Board delegates the screening and evaluation process for potential new directors and directors to be nominated for re-election to the Nomination Committee.

In the event of an Executive Director's service contract with the Group terminates for whatever reason, the said director is expected to resign from the Board, although the Board may, if it considers it appropriate, and subject to shareholders' approval where necessary, re-appoint the said director as a non executive member of the Board.

The Articles of Association provides for one third of the Board to retire at each annual general meeting and a retiring director shall be eligible for re-election.

### 3. External Board Appointments

Any Board Member is, while holding office, at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Company and Group and does not detrimentally affect the director's performance as a Board Member.

#### 4. Board Leadership

The Board shall appoint a Chairman and if necessary, a Deputy Chairman from amongst its non-executive members as provided in the Articles of Association. The Deputy Chairman shall perform the duty of the Chairman during the Chairman's absence. The MCCG 2012 recommends that the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director.

The role of the Chairman of the Board and the Executive Directors, shall be separated. The position description of the Chairman and the Executive Directors and Non-Executive Directors are provided in Appendices B, C and D respectively.

The Chairman is responsible for representing the Board to shareholders. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and maintaining regular dialogue with the Executive Directors over all operational matters and will consult with the Board promptly over any matter that gives him / her cause for major concern.

The Chairman will act as facilitator at meetings of the Board to ensure that no Board Member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Board Members are forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.

The Board shall also appoint amongst its members a Senior Independent Non Executive Director to be called Senior Director, to whom concerns from the other directors, public or investors may be conveyed. Inquiries or complaints about decisions or actions taken by the Group should be addressed to the Senior Director.

#### 5. Induction of New Board Members

The Chairman should ensure that all Board Members, when taking up office, are fully briefed on the terms of their appointment, duties and responsibilities. New Board Members will also be briefed on the operations of the Group to increase their understanding of the business and the environment and markets in which the Group operates. The new Board Member will be given a copy of the following:

- i. Board Charter;
- ii. Board committees' composition and terms of reference (Appendices F – H);
- iii. Latest annual reports and Audited Financial Statements;
- iv. Organisation chart;
- v. Business operation structure; and
- vi. Minutes of past three Board of Directors' meetings,

Board Members are expected to keep themselves abreast of changes and trends in the business and in the Group's business environment and markets and changes and trends in the economic, political, social, legal and regulatory climate that could affect the business of the Group.

## 6. Shareholdings by Board Members in the Company

Board Members may hold shares in the Company. When buying or selling shares in the Company, Board Members must strictly observe Chapter 14 of the Listing Requirements, the provisions of CA 65 and the Articles of Association, the Director's Code of Best Practice and all relevant legislative and regulatory procedures.

### III. BOARD AND MEMBER EVALUATIONS

The Chairman keeps under review, informally, the contributions made by Board Members. A broad interpretation of contribution is applied, which can be in terms of contribution to meetings of the Board, committee meetings, representing the Company or Group in public events, developing policies etc. The Nomination Committee is given the task to review annually the membership and effectiveness of the Board and the performance, contribution and independence of individual Board Members to ensure that the Board's size, structure and composition meets the needs of the Company.

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. This shall be done following the end of each financial year (or such other time as deemed appropriate).

Every year, the Nomination Committee will evaluate each individual director's contributions to the effectiveness of the Board and the relevant Board committees. The results of such evaluation will be discussed with the committee and the Board.

### IV. DIRECTORS' REMUNERATION

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee for executive Board Members.

Non-executive Board Members 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.

Executive Board Members will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company. The Remuneration package for executive Board Members shall be reviewed by the Remuneration Committee.

### V. BOARD STRUCTURES AND PROCEDURES

#### 1. Board Committees

The Board may delegate responsibility for specified matters to individual members or committees of the Board. All such committees must be provided with written terms of reference which state clearly the extent and limits of their responsibilities and authority and whether they act on behalf of the Board or report back to the Board.

The present Board committees are the Audit Committee, the Remuneration Committee and the Nomination Committee. The respective committees' terms of references are set out in the following appendices:

- Audit Committee (Appendix F)

## REDTONE INTERNATIONAL BERHAD

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- Remuneration Committee (Appendix G)
- Nomination Committee (Appendix H)

### 2. Board Meetings

The Chairman should ensure that the Board meets at regular intervals throughout the year. At each scheduled meeting, the Board should consider where applicable:

- an operational report from the Executive Directors;
- proposals for significant capital expenditure and acquisitions;
- proposals for significant disposal of company assets;
- major issues or opportunities for the Group;
- committee minutes / Board Circular Resolutions for notation;
- changes in directorship and disclosure of interest;
- disclosure of dealings by directors / principal officers;
- summary of share ownership movement; and
- any other matters requiring its authority.

In addition, the Board shall, at periodic intervals of not more than one year:

- review the Company and Group goals;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review non-executive Board Members' remuneration;
- review the reports and recommendations from the Audit Committee and:
  - approve the quarterly announcements and annual audited financial statements for issuance to shareholders and the public;
  - approve the annual report;
  - approve the appointment of the Group's external auditors; and
  - approve risk assessment and control policies
- review and endorse recommendations from the Nomination Committee on:
  - the Board composition, structure and succession;
  - the performance of, necessity for and composition of Board Committees; and
  - the Board and individual member's evaluations
- review and endorse reports and recommendations from the Remuneration Committee on:

## REDTONE INTERNATIONAL BERHAD

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- the Executive Directors' performance and remuneration; and
- the remuneration policies and practices in general.

The Articles of Association of the Company stipulates the procedures for convening board meetings and the size and required attendance for the Board's quorum.

Board meeting agendas shall be the responsibility of the Chairman with input from Board Members and the Company Secretary. The Chairman may also ask management to participate in this process.

The agenda for each meeting shall be circulated in advance before each meeting to the Board Members and all those who are required to attend the meeting. Written materials including information requested by the Board from management and / or external consultants shall be received together with the agenda for the meetings.

The Chairman shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Board. The minutes of meetings shall accurately record decisions taken and the views of individual Board Members, where appropriate. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall also be distributed to all members of the Board.

Board Members are expected to make every effort to attend Board meetings and prepare thoroughly. Members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table.

Board discussions will be open and constructive, recognising that genuinely held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary or disclosure is required by law. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.

Executive members attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.

### 3. Provision of Business or Professional Services by Board Members

To avoid a conflict of interest (actual or perceived), Board Members should not, generally provide business or professional services of an ongoing nature to the Group.

Notwithstanding the general rule, the Company and/or Group is at liberty to:

- for the purpose of a special assignment, engage the services of any Board Member having special expertise in the particular field; or
- engage the services of a firm or company of which the Board Member is a partner, director or major shareholder so long as the terms of engagement are competitive, are clearly recorded and all regulatory and legal requirements of the engagement are properly observed.



#### 4. Access to Independent Professional Advice

In discharging directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.

If a director considers that such advice is necessary, the director shall first discuss it with the Chairman and, having done so shall be free to proceed. The director should provide proper notice to the Company Secretary of the intention to seek independent advice and shall provide the names(s) of the professional advisors that he / she intends to contact, together with a brief summary of the subject matter for which professional advice is sought. The Company Secretary shall provide written acknowledgement of acceptance of notification. In the event that one or more directors seek to appoint one or more advisors, the Chairman should take steps to facilitate discussions to arrive at a consensus.

Fees for the independent professional advice will be payable by the Company but proper approval of the Chairman will be required.

For avoidance of doubt, the above restriction shall not apply to executive directors acting in the furtherance of their executive responsibilities and within their delegated powers.

For the purposes of this section, independent professional advice shall include advice sought from legal experts, accountants or other professional advisor and consultants. Independent professional advice shall exclude any advice concerning the personal interests of the directors (such as with respect to their contracts or disputes with the Group), unless these are matters affecting the Board as a whole.

#### 5. The Company Secretary

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board as a whole. The Secretary appointed should be suitably qualified and competent in order to support the Board in carrying out its roles and responsibilities.

The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

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.

### VI. RELATIONSHIP OF THE BOARD WITH MANAGEMENT

#### 1. Access to Management and Information

Board Members have complete access to the Group's management. Board Members have unrestricted access to the information pertaining to the Company and / or Group including the Company and / or Group's auditors and consultants.

It is assumed that Board Members will use judgement to be sure that this contact is not distracting to the business operation of the Group and that such contact, if in writing, be copied to the Executive Directors and Chairman.

Furthermore, the Board encourages the management to, from time to time, involve managers in Board meetings who:

## REDTONE INTERNATIONAL BERHAD

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- can provide additional insight into the items being discussed because of personal involvement in these areas; and / or
- represent managers with future potential that the management believes should be given exposure to the Board.

### 2. Position of the Executive Directors

The Board will link the Company's governance and management functions through the Executive Directors. All Board authority conferred on management is delegated through the Executive Directors so that the authority and accountability of management is considered to be the authority and accountability of the Executive Directors so far as the Board is concerned. The Board shall regularly review the division of responsibilities to ensure that the needs of the Company are consistently met.

The Board, through the Remuneration Committee, will agree with the Executive Directors to achieve specific results directed towards the Company and / or Group goals.

Between Board meetings, the Chairman maintains an informal link between the Board and the Executive Directors, and expects to be kept informed by the Executive Directors of all important matters, and is available to the Executive Directors to provide counsel and advice where appropriate.

Only decisions of the Board acting as a body are binding on the Executive Directors. Decisions or instructions of individual Board Members, officers or committees are not binding except in those instances where specific authorisation is given by the Board.

### 3. Accountability of the Executive Directors to the Board

The Executive Directors are accountable to the Board for the achievement of the Company goals and for the observance of the management authorities.

At each normal Board meeting, the Board should expect to receive from or through the Executive Directors:

- the operational and other reports and proposals referred to under the section on Board Meetings and Appendix A: Schedule of Matters Reserved for Collective Decision of the Board; and
- such assurances as the Board considers necessary to confirm that the management authorities are being observed.

### 4. Management Authorities

The Executive Directors are expected to act within all specific authorities delegated to them by the Board.

The Executive Directors are expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. In allocating the capital and resources of the Company and / or Group, the Executive Directors are expected to adhere to the Company and / or Group goals. They are expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.

The assets of the Group are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In managing the risks of the Group, the Executive Directors are expected to not cause or permit anyone to substitute their own risk preference for those of the shareholders as a whole.

## **REDTONE INTERNATIONAL BERHAD**

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The Executive Directors are expected to not permit employees and other parties working for the Group to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.

### **VII. RELATIONSHIP BETWEEN THE BOARD AND SHAREHOLDERS, INSTITUTIONAL INVESTORS, PRESS, CUSTOMERS, ETC**

The Board will use its best endeavours to familiarise itself with issues of concern to shareholders and will make its recommendation on whether to carry out poll voting and electronic polling at the Company's Annual or Extraordinary General Meetings.

The Board believes that management speaks for the Group. Individual Board Members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Group. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman.

# REDTONE INTERNATIONAL BERHAD

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## Appendix A

### SCHEDULE OF MATTERS RESERVED FOR COLLECTIVE DECISION OF THE BOARD

#### A) Financial and Business Matters

1. Approval of quarterly and final financial statements
2. Dividend policy, approval of interim and recommendation of final dividend payable
3. Approval of any significant change in accounting policies or practices
4. Remuneration of auditors and recommendations for appointment or removal of auditors
5. Capital Expenditure, Investment/Disposal exceeding RM 5 million
6. Charitable donations exceeding RM 1 million
7. Acquisition of companies / Mergers and Acquisitions
8. Disposal and write off of material operating assets and accounts exceeding RM5 million
9. Capital issues; material changes relating to the company's capital structure of its status as a listed company
10. Any transactions provided for by Bursa Malaysia Securities Berhad.

#### B) Board/ Directorate matters

1. Terms and conditions applicable to directors
2. Succession planning for executive and non-executive directors
3. Board appointments and removals
4. Constitution and terms of reference of Board Committees
5. Appointment of Senior Independent Director
6. Reports of all meetings of Board Committees
7. Appointment and removal of Company Secretary

#### C) Public Reporting

1. Approval of all circulars, general meetings Notice and resolutions to be proposed to shareholders
2. Approval of annual report and accounts, including directors' report

#### D) Miscellaneous

1. Calling of shareholders' meetings
2. Employee share option scheme
3. Recommendation of any changes to the companies' Memorandum and Articles of Association and Constitution
4. Prosecution, defence or settlement of litigation material to the interests of the company
5. Any change to the matters included in this schedule

*The above schedule indicates those matters which the Board specifically reserves to themselves. The schedule is not, however, exclusive and does not derogate from the Board's overall duties and responsibilities.*

*The Board may, at their discretion, delegate consideration and /or approval of any of the above matters to a Committee of the Board specifically constituted for that purpose. Furthermore, Audit Committee, the Nominations Committee and the Remuneration Committee shall consider and determine such matters for which they are responsible in accordance with their terms of reference in force from time to time.*

## Appendix B

### POSITION DESCRIPTION OF THE CHAIRMAN

The responsibilities of the Chairman include:

1. Providing leadership to the Board;
2. Chairing meetings of the Board in such a manner that will stimulate debate on issues before the Board and encourage the most effective contribution from each Board Member;
3. Chairing meetings of shareholders;
4. Ensuring the Board's full discharge of its duties;
5. Organising and presenting the agenda for regular or special Board meetings based on input from other directors and the Company Secretary;
6. Ensuring adequate lead time for effective study and discussion of business under consideration;
7. Identifying guidelines for the conduct of directors, and ensuring that each director is making a significant contribution. The Chairman keeps under review, informally, the contributions made by Board Members;
8. Acting as liaison between the Board and management. The Chairman should act as the main informal link between the Board and management;
9. Ensuring that all Board Members, when taking up office, are fully briefed on the terms of their appointment, duties and responsibilities and the business of the Group;
10. Together with Executive Directors, represents the Company and / or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments;
11. In conjunction with the Executive Directors, playing a leading role in:
  - formulating the Board's strategic direction and planning process; and
  - fostering high corporate ethical standards and positive relationships with the Company's shareholders;
12. Working with the Nomination Committee, ensuring proper committee structure, including assignments of members and committee chairmen. The Chairman should also ensure that a formal succession plan for the Board is in place; and
13. Carrying out other duties as requested by the Board as a whole, depending on the needs and circumstances.

# REDTONE INTERNATIONAL BERHAD

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## Appendix C

### POSITION DESCRIPTION OF THE EXECUTIVE DIRECTORS

The Executive Directors are accountable to the Board for the overall organisation, management, and staffing of the Company and / or Group and for the procedures in financial and other matters, including conduct and discipline. This includes promoting by leadership and example. The Executive Directors' authority are explicitly provided for in the Limits of Authority. Board Members should support the Executive Directors in undertaking this responsibility.

The role of the Executive Directors can be summarised as follows:

1. Fosters a corporate culture that promotes ethical practices, encourages individual integrity, and fulfil social responsibility;
2. Maintains a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of top-quality employees at all levels;
3. Develops and recommends to the Board the operational plan and budget that support the Company's and / or the Group's long-term strategy;
4. Manages the overall business and oversees the day to day operations of the Company;
5. Ensures continuous improvement in the quality and value of the products and services provided by the Group;
6. Ensures that the Company achieves and maintains a satisfactory competitive positions within its industry;
7. Recommends management structure and operating authority levels which include delegation of responsibilities to management;
8. Ensures that the Company has an effective management team below the level of the Executive Directors
9. Ensures, in cooperation with the Nomination Committee / Board, that there is the necessary effective succession plan in place for the Executive Directors' positions;
10. Formulates and oversees the implementation of major corporate policies;
11. Accountable to the Board for the propriety and regularity of the finances;
12. 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;
13. Reports to the Board periodically on the financial positions of the Group which include forecast results as required from time to time;
14. Reports on significant business decisions;
15. Serves as the chief spokesperson for the Group; and
16. Refers to the board committees on matters requested from time to time.

# REDTONE INTERNATIONAL BERHAD

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## Appendix D

### POSITION DESCRIPTION OF THE :

#### (I) NON-EXECUTIVE DIRECTORS

Non-Executive Directors are:

- Those who have no direct or indirect pecuniary interest in the Company other than their Directors' emoluments and their "permitted" shareholdings in the Company;
- Those who are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but may have pecuniary interest in the Company, whether direct or indirect; or
- Those who are not employees of the Company but are standing as nominees for substantial shareholders.

The roles of the Non-Executive Directors can be summarised as follows:

1. Act as a bridge between management and stakeholders, particularly shareholders. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.
2. Bring dispassionate objectivity that a director with a relationship with the Company cannot provide.

#### (II) INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent Directors are essential for protecting the interests of minority shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Since an Independent Director has no conflict of interests in the discharge of his duties, he ought to approach any approval that is being sought at board level for a transaction or any matter with a watchful eye and with an inquiring mind.

Paragraph 1.01 of the Listing Requirements provides that an Independent Director is one who is independent of management and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of a listed company.

The Independent Director of the Company must be a person who:

- is not an executive director of the Company or any related corporation of the Company;
- has not been within the last 2 years and is not an officer (except as a non executive director) of the Company;
- is not a major shareholder of the Company;
- is not a relative of any executive director, officer or major shareholder of the Company;
- is not acting as a nominee or representative of any executive director or major shareholder of the Company;
- has not been engaged as a professional adviser by the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an independent director) or a major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by Bursa Securities; or

## REDTONE INTERNATIONAL BERHAD

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- has not engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or a major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has been engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities.

Recommendation 3.2 of the MCCG 2012 recommends that the tenure of an independent director should not exceed 9 years cumulatively. After 9 years, such independent director may continue to serve on the board subject to his re-designation as a non-independent director.

Alternatively, the board may justify and seek shareholders' approval in the event it retains as an independent director a person who has served in that capacity for more than 9 years.



# REDTONE INTERNATIONAL BERHAD

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## Appendix E

### DIRECTORS' CODE OF BEST PRACTICE

Board members are required to observe the Directors' Code of Best Practice as follows:

1. Compliance at all times with this Code of Best Practice and the Board Charter.
2. Observe high standards of corporate governance at all times.
3. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
4. Act in good faith and in the best interests of the Company and Group.
5. Not misuse information gained in the course of duties for personal gain or for political purposes, nor seeks to use the opportunity of the service as directors to promote their private interests or those of connected persons, firms, businesses or other organisations.
6. Uphold accountability at all times. This includes ensuring that the Company's resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all times .
7. Board Members should not accept positions on Board committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.
8. Declaration of any personal, professional or business interests that may conflict with directors' responsibilities. Guidance on declaration and registration of interests is given in the section entitled "Declaration of Interests" below.
9. Follow the guidance on acceptance of gifts and hospitality as stated in the section entitled "Guidelines on Acceptance of Gifts" below

#### Declaration of interests

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary changes in the following:

1. Shareholding in the Company or its related corporations, whether direct or indirect; and
2. Directorships or interests in any other corporations.

In addition to the above, member of the Board who has a material interest, either directly or through a partner, spouse or close relative, in matters being considered by, or likely to be considered by the Board should declare that interest. Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits. This requirement also applies to members of senior management.

Relevant interests in this context are as follows:

1. Executive and non-executive directorships of, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Company.

## REDTONE INTERNATIONAL BERHAD

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2. Ownership or part-ownership of, or employment by, businesses or consultancies likely or possibly seeking to do business with the Company.

### Register of Interests

The Code requires that a formal register of interests be established. The register should include details of all directorships and other relevant interests declared by Board Members and members of senior management.

### Conduct in Meetings

Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

### Membership of Committees

Board Members should not accept positions on Board committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

### Guidelines on Acceptance of Gifts

The following set out the guidelines on acceptance of gifts:

1. The conduct of individuals must not create suspicion of any conflict between their position as a member of the Board and any private interest;
2. Board Members acting as such must not give the impression that they have been influenced by a benefit to show favour or disfavour to any person or organisation having dealings with the Company;
3. Board Members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
4. Gifts other than of token value should generally be refused.

# REDTONE INTERNATIONAL BERHAD

## Appendix F

### AUDIT COMMITTEE TERMS OF REFERENCE

#### OBJECTIVE

The Audit Committee was established to act as a Committee of the Board of Directors to fulfill its fiduciary responsibilities in accordance to the Audit Committee Charter of REDtone International Berhad and to assist the Board to review the adequacy and integrity of the Group's financial administration and reporting and internal control.

#### TERMS OF REFERENCE

<b>1.0</b>	<b>COMPOSITION</b>
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- (a) The Committee shall fulfill the following requirements :
- The Committee must be composed of not less than three members;
  - All members of the Committee shall be non-executive directors with a majority of them being independent directors; and
  - At least one member of the Committee:
    - must be a member of the Malaysian Institute of Accountants ("MIA"); or
    - if he is not a member of MIA, he must have the relevant qualification and experience as specified by the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad ("Listing Requirement").
- (b) Members of the Committee shall elect from among them a Chairman who shall be an independent non-executive director.
- (c) The Committee shall have the authority to:
- investigate any activity of the Company and its subsidiaries.
  - seek any information relevant to its activities from any employee.
  - have full and unrestricted access to any information and documents pertaining to the Company and its subsidiaries
  - convene meeting with the internal auditors and external auditors without the presence of the Executive Directors and Management staff
- (d) Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

<b>2.0</b>	<b>ATTENDANCE OF MEETINGS</b>
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- (a) A quorum shall consist of a majority of independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
- (b) The Committee may require the members of management, the internal auditors and representatives of the external auditors to attend any of its meetings as it determines.
- (c) Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

## **REDTONE INTERNATIONAL BERHAD**

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- (d) The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorized by the Chairman of the Committee

<b>3.0</b>	<b>FREQUENCY OF MEETINGS</b>
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- (a) Meeting shall be held at least four (4) times annually, or more frequently if circumstances so require the Committee to do so.
- (b) The Committee should meet with the External Auditors without Executive Directors present at least once a year.

<b>4.0</b>	<b>AUTHORITY</b>
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- (a) The Committee shall have explicit authority to investigate any matter within its Terms of Reference.
- (b) The Committee have full access to any information pertaining to the Company and Group and unrestricted access to the senior management of the Company and Group.
- (c) The Committee have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity.
- (d) The Committee may with the approval of the Board, obtain independent professional or other advice in the performance of its duties.

<b>5.0</b>	<b>DUTIES AND RESPONSIBILITIES</b>
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The Committee shall, amongst other, discharge the following functions:

- (a) **Financial Reporting**  
To review the quarterly result and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on
- the going concern assumption;
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements.
- (b) **Related Party Transactions**  
To monitor and review any related party transaction that may arise within the Company or Group.
- (c) **Audit Reports**
- To review internal and external audit reports to ensure that management has taken adequate and appropriate remedial actions on weaknesses identified.
  - To discuss problems and reservations arising from the interim and final audits and any matter the auditors wish to discuss (in the absence of management, where necessary).
- (d) **External Audit**
- To consider the performance of the external auditors and make recommendations to the Board of Directors on their appointment and the external auditors audit fee.

## REDTONE INTERNATIONAL BERHAD

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- To review the external auditors' audit plan, nature and scope of audit.
- (e) Internal Audit
- to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
  - to review the internal audit plan, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
  - to approve the appointment of the Internal Auditor.
- (f) Other Matters
- To carry out such other function as may be agreed to by the Audit Committee and the Board of Directors.

# REDTONE INTERNATIONAL BERHAD

## Appendix G

### REMUNERATION COMMITTEE TERMS OF REFERENCE

#### OBJECTIVE

The Remuneration Committee was established to act as a Committee of the Board of Directors to assist to provide a formal and transparent procedure and structure for the Executive Directors and to recommend the remuneration package to the Board as a whole for approval, with each Director concerned abstaining from any decision as regards his remuneration.

#### TERMS OF REFERENCE

<b>1.0</b>	<b>COMPOSITION</b>
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- (a) The Committee shall fulfill the following requirements :
- The Committee must be composed of not less than three members; and
  - The majority of the members of the Committee shall be non-executive directors;
- (b) The Board shall elect the Chairman of the Committee.

<b>2.0</b>	<b>ATTENDANCE OF MEETINGS</b>
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- (a) A quorum shall consist of a majority of independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
- (b) The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting. Minutes of such a meeting signed by the Chairman of the Committee shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.
- (c) The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorized by the Chairman of the Committee

<b>3.0</b>	<b>FREQUENCY OF MEETINGS</b>
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- (a) Meeting shall be held at least once a year, or more frequently if circumstances so require the Committee to do so.

<b>4.0</b>	<b>AUTHORITY</b>
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- (a) The Committee shall have explicit authority to investigate any matter within its Terms of Reference.
- (b) The Committee have full access to any information pertaining to the Company and Group and unrestricted access to the senior management of the Company and Group.

## REDTONE INTERNATIONAL BERHAD

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- (c) The Committee may with the approval of the Board, obtain independent professional or other advice in the performance of its duties.

<b>5.0</b>	<b>DUTIES AND RESPONSIBILITIES</b>
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The Committee shall, amongst other, discharge the following functions:

- (a) ensuring that all the Executive Directors are fairly rewarded for their individual contributions to the Company's overall performance;
- (b) ensuring that the compensation and other benefits encourage Executive Directors to act in ways that enhance the Company's long term profitability and value;
- (c) recommending to the Board of Directors a Remuneration Framework on the fee structure and level of remuneration for the Executive Directors;
- (d) recommending to the Board of Directors the remuneration package for Non-Executive Directors;
- (e) The recommendations of RC shall be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances and bonuses shall be covered by RC.

Each Committee Member should abstain from discussion or voting on any resolutions in respect of his own remuneration packages or that of employees related to him.

# REDTONE INTERNATIONAL BERHAD

## Appendix H

### NOMINATION COMMITTEE TERMS OF REFERENCE

#### OBJECTIVE

The Nomination Committee was established to act as a Committee of the Board of Directors to assist the Board of Directors to identify, nominate and orientate new Directors.

#### TERMS OF REFERENCE

<b>1.0</b>	<b>COMPOSITION</b>
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- (a) The Committee shall fulfill the following requirements :
- The Committee must be composed of not less than three members; and
  - All the members of the Committee shall be non-executive directors, with a majority of whom are independent non-executive directors;
- (b) The Chairman of the Committee shall be a Senior Independent Director.

<b>2.0</b>	<b>ATTENDANCE OF MEETINGS</b>
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- (a) A quorum shall consist of two or half of the committee, whichever is the higher. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
- (b) The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting. Minutes of such a meeting signed by the Chairman of the Committee shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.
- (c) The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorized by the Chairman of the Committee

<b>3.0</b>	<b>FREQUENCY OF MEETINGS</b>
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- (a) Meeting shall be held at least once a year, or more frequently if circumstances so require the Committee to do so.

<b>4.0</b>	<b>AUTHORITY</b>
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- (a) The Committee have full access to any information pertaining to the Company and Group and unrestricted access to the senior management of the Company and Group.



## **REDTONE INTERNATIONAL BERHAD**

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- (b) The Committee may with the approval of the Board, obtain independent professional or other advice in the performance of its duties.

<b>5.0</b>	<b>DUTIES AND RESPONSIBILITIES</b>
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The Committee shall, amongst other, discharge the following functions:

- (a) Consider and recommend to the board candidates for directorship, proposed by the management, director or shareholder or outsourced providers, taking into consideration the candidates skills, knowledge, expertise, experience, time commitment, character, professionalism and integrity;
- (b) Recommend to the board, candidates to fill the seats on board committees, in consultation with the chairman of those committees. In the event that the chairman's position (regardless of board/committees) is to be filled, to consult with the board;
- (c) Recommend to the board, candidates for re-election of directors by shareholders under the annual re-election provision or retirement;
- (d) Reviewing and assessing the independence of the independent directors;
- (e) Periodically report to the board on succession planning personnel including the senior management. The Nomination Committee will together with the board evaluate potential successors, taking into account the challenges and opportunities facing the company, and the skills and expertise, including diversity needed on the board in the future;
- (f) Annually review the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the board, as a whole, the board committees and the contribution of each individual directors;