QES GROUP BERHAD

Company Registration No. 201401042911(1119086-U)
(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors ("the Board") is accountable and responsible for the business and affairs of QES Group Berhad ("the Company" or "QES"). The Board regards corporate governance as vitally important to the success of QES's business and is unreservedly committed to ensure that the principles of good governance are practiced in all its business dealings.

All Board members are expected to act in a professional manner, thereby upholding the core values of integrity with due regard to their fiduciary duties and responsibilities.

2. PURPOSE

This Board Charter sets out the role, functions, composition, operation and processes of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board Charter is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Constitution of the Company.

The Board Charter also endeavours to comply with the MCCG as a guide, wherever possible.

3. THE BOARD

3.1 Composition and Board Balance

3.1.1 Composition

The Board consists of qualified individuals with diverse set of skills, experience and knowledge necessary to govern the Company. The composition and size of the Board is such that it facilitates the decision making of the Company.

The Board is in compliance with the Listing Requirements of Bursa Securities and the Constitution of the Company.

3.2 Board Role and Responsibilities

3.2.1 Duties and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities: -

i. Regularly review the Company's business operations;

ii. Together with Senior Management, promote good Corporate Governance culture within the Company which reinforces ethical, prudent and professional behaviour;

iii. Overseeing and monitoring the conduct of Group's business and financial performance;

iv. Identifying principal risks and ensure the implementation of appropriate systems to manage the risk;

v. Ensure the Company has effective Board Committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by MCCG;

vi. Overseeing the development and implementation of a shareholder communications policy for the Company;

vii. Review and approve the Financial Statements encompassing annual audited accounts and quarterly reports, dividend policy;

viii. Review and approve the Audit Committee Report, Statement of Risk Management and Internal Control and Sustainability Report for the Annual Report;

ix. Appoint the Board Committees and delegate power to such committees and to review the reports prepared by the Board Committees and deliberate on the recommendation thereon;

x. Ensure that the Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management.

3.2.2 Matters Reserved for the Board

i. Annual budgets;
ii. Major capital commitments;
iii. Business continuity plan and corporate plan;
iv. Managing conflict of interest issues;
v. New issues of securities;
vi. Business restructuring;
vii. Expenditure above a certain pre-determined limit;
viii. Disposal of significant fixed assets and acquisition ordisposal of companies within the Company.

3.3 Relationship between the Board and Management

Subject to the formal delegations of authority, the Board delegates responsibilities for the operation and management of the Group business to the Managing Director and the management team. The Management is accountable to the Board and is to fulfill this responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

Non-Executive Directors may communicate with members of the senior management teamat any time through the Managing Director and the Chair.

3.4 Separation of Position of Chairman and Managing Director ("MD")

The Company aims to ensure a balance of power and authority between the Chairman and MD with a clear division of responsibility between the running of the Board and the Company's business respectively.

The positions of the Chairman and the Managing Director in QES are held by different individuals with clear and distinct roles which are formally documented in the Board Charterof QES.

The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

The Chairman of the Board, is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. Meanwhile, the Managing Director of QES is responsible for implementation of the policies, strategies and decisions adopted by the Board as well as day-to-day management of the Company's operations and shall adhere tothe guidelines and instructions provided by the Board.

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

i Provides leadership for the Board so that the Board can perform its responsibilities effectively;

ii Leads Board meeting and discussions to enable appropriate decisions are made to ensure that no Board members, whether Executive or Non-Executive, dominates the discussion;

iii Encourages active participation and allows dissenting views to be freely expressed;

iv Communicates with the management from time to time to ensure the Company complies with all relevant laws and regulations;

v Ensures appropriate steps are taken to provide effective communication with stakeholder and that their views are communicated to the Board as a whole; and

vi Leads the Board in establishing and monitoring good Corporate Governance practices in the Company.

The responsibilities of the MD, amongst others, are as follows:-

i Acts as the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions;

ii Has the executive responsibility for the day-to-day operation of the Group's businesses and to ensure the efficiency and effectiveness of the operation for the Group;

iii To supervise heads of divisions and departments who are responsible for allfunctions contributing to the success of the Group;

iv To implement the policies, corporate strategies and decisions adopted by the Board;

v To develop strategic direction and assess business opportunities which are ofpotential benefit to the Group; and

vi To bring material and other relevant matters to the attention of the Board in anaccurate and timely manner.

3.5 Board Committees

The Board may from time to time establish Committees to assist it in carrying out its duties and responsibilities. The Board has established the following Committees :-

(a) Audit Committee;
(b) Nomination Committee; and
(c) Remuneration Committee.

The Committees shall operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers. 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.

3.6 Board Meetings

The Board Meetings are conducted in compliance with the Listing Requirements of Bursa Securities and the Constitution of the Company.

3.7 Financial Reporting

In presenting the annual financial statements, quarterly announcements, and other price sensitive public reports to the authorities, public and/or shareholders, the Board aims to present a fair and objective assessment of the Group's position and prospects.

The Board shall ensure that the financial statements are prepared in accordance with the Companies Act and applicable approved accounting reporting standards to give a trueand fair view of the state of affairs of the Group and the Company.

The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two months after the end of each quarterly financial period.

4. REVIEW OF THE BOARD CHARTER

The Board Charter has been adopted by the Board. Any subsequent amendment to the Board Charter can only be approved by the Board.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

This Board Charter is adopted on xxx