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ABC MOTORS CO. LTD

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Board Charter

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ABC MOTORS COMPANY LIMITED
(the "Company")
Board Charter

1. Introduction

The Board of Directors is the link between the Company and its stakeholders and Board Members are collectively responsible to lead and control the Company to enable it to attain its strategic objectives. In discharging its duties, the Board of Directors should be guided by the interests of the Company and its business and shall take into account the interests of its stakeholders. The Board is ultimately accountable to the shareholders of the Company.

2. Responsibilities of the Board of Directors

The broad responsibilities of the Board of Directors are to:

- a) Set the Company's vision, mission and values
- b) Determine the strategy and policy of the Company to achieve those objectives
- c) Monitor and evaluate the implementation of strategies, policies and performance measurements thereof
- d) Exercise leadership, enterprise, integrity and judgement in directing the Company
- e) Identify and assess key risk areas of the business and ensure appropriate measures are taken to address those risks
- f) Ensure that effective internal control systems are in place to safeguard the Company's assets and operations
- g) Ensure compliance with applicable laws and regulations, including risk management and corporate governance practices and disclosure requirements
- h) Assess the internal and external audit functions
- i) Approve the annual report and financial statements of the Company
- j) Approve important capital investment of the Company, including new products and services
- k) Evaluate performance and review compensation of senior management and directors
- l) Ensure adequate succession planning
- m) Ensure adoption of good corporate governance practices
- n) Ensure effective communication with shareholders and other stakeholders

In order to meet all the legal and regulatory requirements and effectively discharge its duties including the exercise of adequate oversight over the activities of the entire organisation, the Board may delegate some of its functions to specialised Board Committees. From time to time, the Board may delegate specific assignments to directors or other parties to better guide the Board in important matters requiring specific expertise. Delegation however does not discharge the Board from its duties and responsibilities and while delegating authorities, the Board should bear in mind its fiduciary duties and responsibilities under the Companies Act 2001.

3. Board Composition

The Board should be composed of at least two (2) members and should not exceed ten (10). The Board should have a mix of independent, non-executive and executive directors, with at least two independent directors and two executive directors.

All members of the Board should be individuals of integrity and, collectively, should bring a blend of knowledge, skills, objectivity and experience to the Board to enable it to carry out its functions effectively. Directors will be nominated upon the recommendations of the Nomination and Remuneration Committee of the Company.

Chairperson

The members of the Board shall elect a Chairperson from among its members, who must possess demonstrated expertise and experience in the field of Automobile industry to provide firm and objective leadership.

In view of the increasing supervisory functions required of the Board, the Chairperson should devote sufficient time to the Company to enable the Board to diligently discharge its duties and responsibilities.

Executive Directors

The Board shall also appoint at least 2 executive directors to whom some functions will be delegated.

4. Company Secretary

The Company Secretary shall act as Secretary to all Board Committees. The Company Secretary shall assist the Chairpersons of the Board and Board Committees with the agenda, information gathering and other logistics, keep minutes and records of the Board and Board Committee meetings.

All Board members may go to the Company Secretary for advice or to use his or her services as required.

The Company Secretary sees to it that the Board follows correct procedures and that the Board complies with its obligations under law and the Company's Constitution.

5. Board Committees

The Board shall have the following committees to which it can delegate some of its duties:

1. Audit and Risk Committee
2. Corporate Governance Committee
3. Nomination and Remuneration Committee

The terms of reference and composition of the above committees form part of this Charter and indicate the role and responsibilities of the respective Committees, its composition and how it should perform its duties. The composition of the Committees will be reviewed at least once a year or as may be required to ensure that the balance of specialist skills, independence and experience. Proceedings of sub-committee shall be reported to the Board to allow other directors to be informed and seek clarifications from the sub-committee members, if so desired.

6. Board Assessment

At least once a year, the Board shall evaluate the effectiveness of its activities and the composition and competence of the Board and its Committees. The evaluation of the Board as a whole should be conducted having regard to its strategic objectives.

7. Board Meetings

The Board shall meet at least once every three months and meetings shall be convened by the Chairman, as scheduled or at the request of one or more directors. Proceedings of Board Meetings shall be in accordance with Article 15 of the Company's Constitution.

Minutes must be drawn up for every Board meeting and for every resolution adopted outside a meeting. The minutes are to be signed by the Chairperson of the meeting and then added to the organisation's records. Each member of the Board shall receive a copy of the minutes.

8. Conflicts of Interest

Directors must avoid instances that may give rise to conflicts of interests or which may be perceived by others as conflicting situations. Full information on any conflict or potential conflict of interest must be made known to the Board and the onus will be on the directors to advise the Board on any change in their situation.

On declaration of his interest, the concerned director shall not participate in the discussions and/or decision taking process on the transaction in relation to which conflict arises but can continue to be present. The transaction may however be concluded and approved at market terms and conditions. Related party transactions will also be disclosed in accordance with disclosure requirements and accounting policies and standards.

9. Remuneration

Remuneration of non-executive directors shall be in the form of attendance fees and is determined by the Board upon recommendation of the Nomination and Remuneration Committee.

Executive directors shall not be entitled to any attendance fees.

10. Induction Program

Upon his/her election, each Board Member shall participate in an induction program that covers the Company's organization structure, its strategies, policies, objectives, financial reporting, legal affairs and any business aspects specific to the organisation and its operations or activities. The duties and responsibilities of a Board Member will also be highlighted.

11. Review

The Board's Charter may be reviewed at least once a year or as may be required with the introduction of or amendment to laws, regulations and practices.

Audit and Risk Committee

1. Introduction

The Audit and Risk Committee has been established by the Board of Directors of ABC MOTORS COMPANY LIMITED to assist it in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. The Committee provides a forum for discussing business risk and control issues for developing relevant recommendations for consideration by the Board. The Committee should mainly make recommendations to the Board for its approval or final decision.

2. Terms of Reference of the Audit and Risk Committee

2.1 External Audit

The Committee will

- a) Evaluate the independence and effectiveness of the external auditor and consider any non-audit services rendered by such auditors as to whether this substantively impairs their independence;
- b) Evaluate the performance of the external auditor;
- c) Consider and make recommendations on the appointment and retention of the external auditor, and any questions of resignation or dismissal of the auditor;
- d) Discuss and review, with the external auditor before the audit commences, the auditor engagement letter, the terms, nature and scope of the audit function, procedure and engagement, and the audit fee.
- e) Agree to the timing and nature of reports from the external auditor;
- f) Consider any problems identified in going concern or statement of internal control;
- g) Make suggestions as to problem areas that the audit can address;
- h) Consider any accounting treatments, significant unusual transactions or accounting judgements that could be contentious;
- i) Identify key matters arising in the current year's management letter and satisfy itself that these are being properly followed up;
- j) Consider whether any significant ventures, investments or operations are not subject to external audit;
- k) Review the overall audit, explore objectives, minimise duplication, discuss the implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money;
- l) Obtain assurance from the external auditor that adequate accounting records are being maintained.

2.2 Financial Statements

The Committee will examine and review the annual financial statements, the interim reports, the accompanying reports to shareowners, the preliminary announcement of results and any other announcement regarding the Company's results or other financial information to be made public, prior to submission and approval by the Board, focussing particularly on:

- a) The implementation of new systems;
- b) Tax and litigation matters involving uncertainty;
- c) Any changes in accounting policies and practices;
- d) Major judgemental areas;
- e) Significant adjustments resulting from the audit;
- f) The basis on which the Company has been determined a going concern;
- g) Capital adequacy;
- h) Internal control;
- i) Compliance with accounting standards, local and international, compliance with stock exchange and legal requirements;
- j) The efficiency of major adjustments processed at year end;
- k) Compliance with the financial conditions of loan covenants;
- l) Reviewing special documents such as prospectuses as and when prepared.

2.3 Internal Control

The Committee will:

- a) Review the effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- b) Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- c) Review the adequacy of corrective action taken in response to significant internal and external auditors' findings.

2.4 Internal Audit

The Committee will monitor and supervise the effective function of the internal audit, ensuring that the roles and functions of the external audit with internal audit are sufficiently clarified and co-ordinated to provide an objective overview of the operational effectiveness of the Company's systems of internal control and reporting. This will include:

- a) Evaluate the performance of the internal audit consultant;
- b) Review the internal audit function's compliance with its mandate as approved by the Committee;
- c) Consider the appointment, dismissal or re-assignment of the internal audit consultant function;
- d) Review and approve the internal audit charter, risk based internal audit annual plan and internal audit's conclusions with regard to internal control;
- e) Review significant matters reported by the internal audit function;
- f) Review the objectives and the operations of the internal audit function;
- g) Assess the adequacy of performance of the internal audit function, and the adequacy of available internal audit resources;

- h) Review the co-operation and co-ordination between the internal and external audit functions and co-ordinate the formal internal audit work plan with external auditors to avoid duplication of work;
- i) Review significant differences of opinion between management and the internal audit function;
- j) Evaluate the independence and effectiveness of the internal auditors;
- k) Review special investigations into matters within its scope, for example, evaluations of the effectiveness of the Company's internal control, cases of employee fraud, misconduct or conflict of interest.

2.5 Compliance

The Committee will:

- a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance;
- b) Review the findings of any examination by regulatory agencies, and any auditor observations;
- c) Monitor compliance with the requirements of the Constitution of the Company, with the law and regulations of any other applicable statute and of controlling bodies;
- d) Obtain regular updates from management and Company Legal Counsel, as applicable, regarding compliance matters.

2.6 Risk Management

The Committee will:

- a) Together with the Company's legal advisor, review any legal matters that could have a significant impact on the Company's business;
- b) Review executive management reports detailing the accuracy and overall effectiveness of the Company's risk management function and its implementation by management, and reports on internal control and any recommendations, and confirm that appropriate action has been taken;
- c) Review the risk philosophy, strategy and policies recommended by the executive management and consider reports by the executive management. The Committee will ensure compliance with such policies, and with the overall risk profile of the Company. Risks include, amongst others, market risks, credit risk, liquidity risk, operational risk and commercial risk;
- d) Review the adequacy of insurance coverage;
- e) Review risk identification and measurement methodologies;
- f) Monitor procedures to deal with and review the disclosure of information to clients;
- g) Liaise with the Board in respect of the preparation of the Committee's report to shareholders as required.

2.7 Ethics

The Committee will be responsible for:

- a) Monitoring the ethical conduct of the Company, its executives and senior officials;
- b) Reviewing any statements on ethical standards or requirements for the Company and assisting in developing such standards and requirements;
- c) Identifying of any violations of ethical conduct;
- d) Environmental and social issues.

The Committee will also give recommendations on any potential conflict of interest or questionable situations of a material nature.

3. Reporting and Accountability

The Chairperson of the Committee shall account to the Board for its activities and make recommendations to the Board concerning the adoption of the annual and interim financial statements and any other matters arising from the above responsibilities.

The Chairperson (or in his absence, an alternate member) of the Committee shall attend the annual general meeting to answer questions concerning matters falling within the ambit of the Committee.

Other responsibilities of the Committee include:

- a) Institute and oversee special investigations as needed;
- b) Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law and regulation;
- c) Confirm annually that all responsibilities outlined in this charter have been carried out;
- d) Evaluate the committee's and individual members' performance on a regular basis.

4. Activities of the Audit and Risk Committee

In discharging its responsibilities, the Committee will:

4.1 Financial Statements

- a) Review the quality of financial information; interim and financial statements and other public and regulatory reporting;
- b) Review the annual report and accounts taken as a whole, to ensure they present a balanced and understandable assessment of the position, performance and prospects of the Company;
- c) Review the external auditor's proposed audit certificate;
- d) Discuss problems and reservations arising from the audit, and any matters the auditor may wish to discuss (in the absence, where requested by the Committee, of executive directors, and any other person who is not a member of the Committee);
- e) Review with management and the external auditor all matters required to be communicated to the Committee under generally accepted auditing Standards;
- f) Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement;
- g) Review the external auditor's management letter and management response;
- h) Review the credibility, independence and objectivity of the auditor, taking into account their audit and non-audit fees. Where the auditor also supplies a substantial volume of non-audit services to the Company, the Committee should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity with value for money.

4.2 Internal Control

- a) Review the Company's statement on internal control systems prior to endorsement by the Board, and in particular to review:
- b) The procedures for identifying business risks and controlling their impact on the Company;
- c) The Company's policies for preventing or detecting fraud;
- d) The Company's policies for ensuring that the Company complies with the relevant regulatory and legal requirements;
- e) The operational effectiveness of the policies and procedures;
- f) Consider whether or not the objectives, organisation, staffing plans, financial budgets, audit plans and standing of the internal audit function provide adequate support to enable the Committee to meet its objectives;
- g) Review the controls over significant risks;

4.3 Internal Audit

- a) Review the effectiveness of the internal audit function;
- b) Review the results of work performed by the internal audit function in relation to financial reporting, corporate governance, internal control and any significant investigations and management responses;
- c) Review co-ordination between the internal audit function and the external auditors and deal with any issues of material or significant dispute or concern;
- d) Review such significant transactions not directly related to the Company's normal business as the Committee might deem appropriate;
- e) Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company;
- f) Consider other relevant matters referred to it by the Board.

The Committee, in carrying out its tasks under the above terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties. The Board will ensure that the Committee will have access to professional advice both inside and outside the Company in order for it to perform its duties.

5. Membership & Composition of the Committee

The Audit and Risk Committee shall be elected by the Board and shall be made up of at least three directors who shall be independent directors.

The Chief Financial Officer shall be in attendance at meetings of the Committee as well as the senior audit partner in charge of the external audit and the internal audit consultant where appropriate. They shall have unrestricted access to the Chairperson or any other member of the Committee as is required in relation to any matter falling within the remit of the Committee.

The Chairperson, at his discretion, may invite other executives to attend and to be heard at meetings of the Committee. No attendee shall have a vote at meetings of the Committee.

Every member of the Audit and Risk Committee shall keep confidential, and not disclose, any information obtained in the course of its functions to third parties.

6. Meetings and Proceedings of the Committee

Meetings of the Committee will be held as frequently as the Committee considers appropriate but it will normally meet not less than four times a year. The Board or any member thereof, including members of the Committee, the external auditors and the internal audit consultant may call further meetings.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee, the executives and managers responsible for finance, the internal audit consultant and the external audit partners to make proposals as necessary.

The quorum for decisions of the Committee shall be any two members of the Committee present throughout the meeting of the Committee.

The minutes of all meetings of the Committee, or summaries thereof, shall be submitted to the Board at the immediate following board meeting, the agenda for each such board meeting shall provide an opportunity for the Chairperson of the Committee to report orally on any matters of importance as well as on the Committee's findings and shall recommend actions. The secretary shall take minutes of meetings, and such minutes shall be reviewed and approved by the members of the Committee.

7. Authority of the Committee and Resources available to it

The Committee, in carrying out its tasks under these terms of reference:

- a) Is authorised to investigate any activity within its terms of reference;
- b) May, at the discretion of the Committee, require other employees of the Company to attend meetings or parts thereof;
- c) May consult with and seek any information it requires from any employees, and all employees shall be required to co-operate with any request made by the Committee in the course of its duties;
- d) Shall at least once a year meet with external auditors without any executive member of the Board in attendance; and
- e) Shall at least once a year meet with the internal auditors without any executive member of the Board in attendance.

8. Remuneration

Having regard for the functions performed by the members of the Committee in addition to their functions as directors, in relation to the activities of the Committee, an attendance fee is paid to Committee members.

Corporate Governance Committee

1. Introduction

The Corporate Governance Committee has been established by the Board of Directors to make recommendations to the Board on all Corporate Governance provisions to be adopted so that the Company remains effective and complies with prevailing corporate governance principles. The Committee shall be constituted to ensure that the reporting requirements with regard to corporate governance, whether in the annual report or on an ongoing basis, are in accordance with the Code of Corporate Governance.

2. Terms of Reference

- a) To determine, agree and develop the Company's general policy on corporate governance in accordance with the Code of Corporate Governance;
- b) To prepare the Corporate Governance Report to be published in the Company's Annual Report;
- c) To ensure that disclosures are made in the Annual Report in compliance with the disclosure provisions in the Code of Corporate Governance.

3. Membership & Composition of the Committee

The Corporate Governance Committee shall be composed of three members, the majority of whom shall be non-executive directors and its Chairman should be an independent non-executive director. The Secretary of the Committee shall be the Company Secretary.

4. Meetings and Proceedings of the Committee

Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee should meet at least once each year. Meetings should be organised so that attendance is maximised. The Chairperson of the Committee or any member of the Committee may call a meeting at any time.

The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda of items to be discussed shall be forwarded to each member of the Committee a reasonable period in advance of each meeting.

The quorum for decisions of the Committee shall be any two members present throughout the meeting who shall vote on the matter for decision.

The minutes of all meetings of the Committee, or summaries thereof, shall be submitted to the Board at the immediate following board meeting, the agenda for each such board meeting shall provide an opportunity for the Chairperson of the Committee to report orally on any matters of importance as well as on the Committee's findings and shall recommend actions. The secretary shall take minutes of meetings, and such minutes shall be reviewed and approved by the members of the Committee.

5. Remuneration

Having regard for the functions performed by the members of the Committee in addition to their functions, as directors in relation to the activities of the Committee, an attendance fee is paid to Committee members.

Nomination and Remuneration Committee

1. Introduction

The Nomination and Remuneration Committee has been delegated the responsibility of making recommendations to the Board on all new board appointments. To ensure that the Board remains effective and focused, the Committee will regularly review the balance and effectiveness of the Board, identify the skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner.

The Board of Directors, recognising the need to establish a formal and transparent procedure for developing a fair remuneration policy, has delegated this task to the Nomination and Remuneration Committee. It should be highlighted that, for reasons of self-interest, the Committee's function in relation to the remuneration of non-executives is limited to making recommendations to the full Board.

2. Terms of Reference

2.1 Nomination

- a) To make recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the Board in general and the balance between executive and non-executive directors appointed to the Board;
- b) To review the board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- c) To identify and nominate candidates for the approval of the Board to fill board vacancies as and when they arise, as well as put in place plans for succession, in particular for the Chairperson and Managing Director;
- d) To make recommendations to the Board for the continuation (or not) in services of any director who has reached the age of 70;
- e) To recommend directors who are retiring by rotation, for re-election;
- f) To liaise with the Board in relation to the preparation of the Committee's report to the shareholders, as required.

2.2 Remuneration

- a) To determine, agree and develop the Company's general policy on executive and senior management remuneration;
- b) To determine specific remuneration packages for executive directors of the Company, including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives, pensions and other benefits;
- c) To determine the level of non-executive and independent non-executive fees to be recommended to the shareholders at the Meeting of Shareholders;
- d) To determine any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities;
- e) To give executive directors every encouragement to enhance the Company's performance and to ensure that they are fairly, but responsibly rewarded for their individual contributions and performance.
- f) To review, annually, the terms and conditions of executive directors' service agreements, taking into account information from comparable companies where relevant;

- g) To determine any grants to executive directors and other senior employees made pursuant to the Company's executive share scheme(s);
- h) To be kept informed of relevant information for other group executives and senior managers;

The Committee, in carrying out its tasks under the above terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties. The Board will ensure that the Committee will have access to professional advice both inside and outside the Company in order for it to perform its duties.

3. **Membership & Composition of the Committee**

The Nomination and Remuneration Committee shall be composed of three members, the majority of whom shall be non-executive directors and its Chairman shall be an Independent Non-Executive Director. The Secretary of the Committee shall be the Company Secretary.

4. **Meetings and Proceedings of the Committee**

Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee should meet at least once each year. Meetings should be organised so that attendance is maximised. The Chairperson of the Committee or any member of the Committee may call a meeting at any time.


The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda of items to be discussed shall be forwarded to each member of the Committee a reasonable period in advance of each meeting.

The quorum for decisions of the Committee shall be any two members present throughout the meeting who shall vote on the matter for decision.

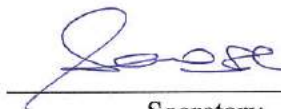
The minutes of all meetings of the Committee, or summaries thereof, shall be submitted to the Board at the immediate following board meeting, the agenda for each such board meeting shall provide an opportunity for the Chairperson of the Committee to report orally on any matters of importance as well as on the Committee's findings and shall recommend actions. The secretary shall take minutes of meetings, and such minutes shall be reviewed and approved by the members of the Committee.

5. **Remuneration**

Having regard for the functions performed by the members of the Committee in addition to their functions as directors in relation to the activities of the Committee, an attendance fee be paid to Committee members.



Vincent Ah-Chuen
Chairman of the Board



Secretary

*Reviewed by the Corporate Governance Committee on 24 September 2018
Approved by the Board of Directors on 27 September 2018*