



## MTD ACPI ENGINEERING BERHAD MANAGEMENT COMMITTEE

### TERMS OF REFERENCE

#### 1.0 Definitions

Advisor	- Advisor to the MC
Board	- Board of Directors of MTDACPI
Chairman	- Chairman of the MC
MTDACPI Group or Group	- MTDACPI and its subsidiaries
MC	- Management Committee of MTDACPI
MTDACPI or Company	- MTD ACPI ENGINEERING BERHAD

#### 2.0 Objectives

MC shall assist the Board in overseeing the day-to-day operations and business affairs of MTDACPI Group as well as the guiding, directing and monitoring of its activities, to achieve the corporate objectives and goals of MTDACPI Group.

#### 3.0 Composition

- 3.1 The MC was established by the Board in accordance with Article 87 of the Articles of Association of MTDACPI (“**Articles of Association**”) and vide Directors’ Circular Resolution dated 4 March 2005.
- 3.2 The Advisor and members of the MC shall be appointed by the Board.
- 3.3 The MC shall comprise:
- (i) Advisor  
Tan Sri Dr. Nik Hussain bin Abdul Rahman
  - (ii) Members
    - President & Chief Executive Officer (“**CEO**”) – Chairman;
    - Deputy President & Chief Operating Officer (“**COO**”); and
    - Head of Divisions or any other Senior Executive of the Group as decided and appointed by the Board, based on the recommendation of the MC.
- 3.4 Minimum number of Members shall be five (5). Where the number of Members for any reason is reduced to less than five (5), the Board shall appoint such number of new Members as may be required, to make up the minimum number of five (5) Members.

3.5 The composition of the MC may be reviewed and revised by the Board from time to time, as it deems fit.

#### **4.0 Role of the Advisor**

4.1 The following are the roles of the Advisor:

- i) Provide independent view and advice in order to enhance the MC with regards to the operation and business affairs of MTDACPI Group;
- ii) To regularly communicate and provide personal support and motivation to Chairman and Members to achieve their task; and
- iii) To chair MC meeting in the absence of the CEO/Chairman.

#### **5.0 Role of the Chairman**

5.1 The following are the main duties and responsibilities of the Chairman:

- i) Provide leadership to the MC and steer the MC through its decision making and business management process;
- ii) Organize and present the agenda for MC meetings based on input from MC members and ensure that all relevant issues are discussed in the meeting;
- iii) Provide a reasonable time for discussion of any matter at MC meetings and ensure that consensus is reached on every resolution and where considered necessary, call for a vote and the decision will be made by a simple majority. Dissenting opinions should be recorded in the minutes of meeting;
- iv) Provide guidance to the MC for effective discharging of its functions and responsibilities;
- v) Ensure all MC members participate in discussions to enable effective decision making; and
- vi) Invite any senior officers of the Group or external professionals / consultants to attend any MC meeting as deemed fit, to provide detailed explanations or clarifications on any issues in relation to the Group.

#### **6.0 Secretary**

6.1 The named Company Secretary of the Company shall be the Secretary of the MC (“**Secretary**”).

6.2 The Secretary shall be responsible for drawing up the notice of MC meetings and the agendas in consultation with the Chairman.

6.3 The Secretary shall be entrusted to record all proceedings of all MC meetings.

- 6.4 The Secretary shall promptly prepare the written minutes of MC meetings and distribute to each member for confirmation. The minutes of MC meetings and special MC meetings shall be confirmed and signed by the chairman of the meeting at the next succeeding MC meeting.
- 6.5 The minutes of each MC meeting shall be kept at the registered office of MTDACPI under the custody of the Secretary. The minutes shall be available for inspection by the members of the Board and any other person deemed appropriate by the Secretary.
- 6.6 The Secretary shall ensure that all decisions made by the MC are properly recorded and filed.

## **7.0 Meetings**

- 7.1 MC meetings shall be convened once a month on any day between Monday to Wednesday or any other day at the discretion of the Chairman, subject to the availability of quorum. The quorum shall be a majority of Members.
- 7.2 The CEO of MTDACPI shall be the Chairman. In the absence of the Chairman, the Advisor or any person nominated by the Chairman shall chair the MC meeting.
- 7.3 Ad-hoc or special meetings may be called at any time, at the discretion of the CEO/Chairman as deemed fit and expedient for the dispatch of business based on this Terms of Reference and subject to the availability of quorum.
- 7.4 A circular resolution in writing signed by a majority of Members shall be considered valid and effectual as a resolution duly passed at a MC meeting.

## **8.0 Authority and Responsibilities**

Members are collectively responsible and accountable for the MC's actions and decisions, to ensure the Group is performing well, is solvent and complies with all its obligations to the Board.

MC shall in exercising its authority delegated by the Board conform to any regulations imposed by the Board and this Term of Reference.

The responsibilities of the MC shall be as follows:

### **8.1 Implementation of the Group Strategic Business Plan and policies as approved by the Board**

- 8.1.1 Develop the Group's business strategies and policies, as agreed by the Board and monitor the subsequent implementation thereof as approved by the Board.
- 8.1.2 Manage the Group's businesses and affairs, and monitor the Group's performance.
- 8.1.3 Authorize and approve capital allocation including the approval of capital projects, acquisitions, disposals, joint ventures and other contractual commitments up to the value specified in the Delegation of Authority Guide of MTDACPI ("**DAG**").

8.1.4 Approve capital expenditure, commitments and any investment contract (or series of contracts) or any amendment to an existing contract involving cumulative payments up to the limit specified in the DAG (or its equivalent in another currency) or as provided in the Budget or Business Plan of the Company approved by the Board.

## **8.2 Investments**

8.2.1 Deliberate and decide on all investments, transactions and matters relating to the Group's core businesses or existing investments within the authority granted by the Board otherwise, make recommendation to the Board.

## **8.3 Financial Arrangement**

8.3.1 Approve financial arrangements with banks and other financial institutions including the signing of such documents for facilities negotiated up to the limit specified in the DAG. Any such approvals are to be reported to the Board in the quarterly Progress Report, at subsequent quarterly Board meeting.

8.3.2 Approve the creation of any mortgage, charge or other encumbrance over the Company or Group's property or assets up to the limit specified in the DAG. Any such approvals are to be reported to the Board in the quarterly Progress Report, at subsequent quarterly Board meeting.

8.3.3 Approve the issuance or provision of any form of guarantees or indemnities or other financial or non-financial support by the Company or any of its subsidiaries, provided it is made in the ordinary course of business and up to the limit specified in the DAG.

8.3.4 Recommend to the Board pertaining to changes in the authorized signatories in respect of accounts maintained by the Company with banks and other financial institutions.

8.3.5 Monitor the Group financial operation and ensure the financial viability of the Group through review of management and financial reports of the Group including a profit and loss statement, and compare performance against budget.

8.3.6 Monitor and review work progress of projects towards achieving business objectives through review of regular reports from the respective divisions pertaining to operations and financial management, costs of construction, administration costs, other costs and inventories, and any other matters relating to the business affairs of the Group.

## **8.4 Management of overall formulation, implementation and maintenance for the Group business continuity**

8.4.1 Implement any significant changes in accounting principles or treatments in compliance with the applicable approved accounting standards in Malaysia and other statutory and regulatory requirements.

8.4.2 Ensure the Group carries out its businesses in line with its Memorandum and Articles of Association of the Company and in compliance with relevant laws and the requirements of any regulatory bodies.

## **8.5 Human Capital**

- 8.5.1 Formulate human capital development policies and establish best management practices and functional standards for the Group to attract and retain high performance staff.
- 8.5.2 Optimize the allocation of human capital.
- 8.5.3 Appoint senior management and monitor their performance.
- 8.5.4 Approve manpower plan including succession plan, training and development programme and compensation of staff (excluding Executive Directors and senior management).

## **8.6 Investors' Relation Programme**

- 8.6.1 Develop and implement an investor relations programme including Shareholder Communication Policy.

## **8.7 Risk Management**

- 8.7.1 Oversee the formal development of operational risk management policies encompassing all business activities and ensure the development of policy manuals, processes, procedures and practices.
- 8.7.2 Evaluate and assess the adequacy of controls to manage the overall operational risks associated with business activities including physical or premises security.

## **8.8 Other Matters**

- 8.8.1 Act prudently to protect the assets and properties of the Group and ensure that they are used to deliver the Group's objectives.
- 8.8.2 Sub-Committees:-
  - (i) MC may form sub-committees to assist in the execution of its duties including, but not limited to the following:
    - Fixed Assets Committee
    - Credit Committee;
    - Tender Committee;
    - Retirement Fund Committee; and
    - Employee Share Option Scheme Committee.
  - (ii) Each sub-committee should have clear written terms of reference agreed by the MC and reviewed from time to time;
  - (iii) MC shall be responsible for all decisions taken by the sub-committee and ensure that the process for monitoring progress is sound; and

- (iv) A reporting mechanism should be put in place to enable the MC to be updated with progress, consider proposals from sub-committee and ratify any decisions taken by the sub-committee within its terms of reference.

8.8.3 Ensure that detailed reports on each business of the Group are regularly submitted to the Board.

8.8.4 Seek external or independent professional advice if considered necessary, in discharging its duties.

## **9.0 Function of the MC**

The functions of the MC shall be as follows:-

- 9.1 Review and approve the issuance of staff loans, staff welfare activities, overseas staff training, traveling advance, lease / rental of office space and rental of office equipment;
- 9.2 Review and approve all contracts, investments and divestments, expenditures and other matters both general and with a financial impact on the Group that exceed the authority of management as per the DAG and make recommendation to the Board for approval where transaction value exceeds authority of the MC;
- 9.3 Review all loans, borrowings and banking facilities and make recommendation to the Board for approval with regard thereto;
- 9.4 Review and approve the list of approved advisors, end-financiers, bankers, consultants, agents, real estate agents, brokers, solicitors, merchant bankers and contractors inclusive of sub-contractors (where appropriate), to be established as panel for the Group;
- 9.5 Review and approve any matter concerning the appointment, resignation or dismissal of senior management of the Group and/or make recommendation to the Board for approval, if necessary;
- 9.6 Review and revise the DAG from time to time and make recommendation to the Board for approval;
- 9.7 Review from time to time and assess the implementation on all standard operating procedures, Company's manuals and/or policies, inter alia the following:
- Quality Management System (ISO 9002);
  - Tender Procedure and/or policies;
  - Property Manuals and/or policies;
  - Procurement Manual;
  - Accounting Manuals and/or policies;
  - Information Technology Policies and Procedures Manual; and
  - Human Resource Manuals and/or policies.

which shall also include any other manuals and/or work procedures, company's procedures and policies not specifically mentioned herein but implemented by the Group, and shall be immediately amended accordingly to adopt the approved DAG based on the authority conferred to the MC as per this Terms of Reference;

- 9.8 Comply with the DAG duly approved by the Board;
- 9.9 Delegate the day-to-day operations to the CEO, who in turn delegates particular functional responsibilities to a team of management staff;
- 9.10 Ensure the duties and responsibilities of the MC and its members and those in senior management positions in the Group are carried out with due care and in accordance with this Term of Reference, relevant laws, contractual obligations and the requirements of any regulatory bodies; and
- 9.11 Monitor and review insurance coverage to protect the Group's assets and relevant third-party insurance policy to protect the Group's operations against any claim from other external parties.

#### **10.0 Matters Reserved for Board's Decision**

The list of matters reserved for decision by the Board:

#### **10.1 Financial Reporting and Business Controls**

- (i) Overall management of MTDACPI Group;
- (ii) Approval of any significant changes in accounting principles, policies or practices;
- (iii) Approval of announcements of financial results;
- (iv) Approval of audited financial statements, corporate governance statement and internal control report;
- (v) Approval of dividend policy;
- (vi) Declaration of interim dividend and recommendation of final dividend to the shareholders of MTDACPI for approval;
- (vii) Approval of the Group's Business Plan, corporate objectives and strategies;
- (viii) Approval of annual operating and capital expenditure budgets and any subsequent material changes to them and monitoring performance against budget;
- (ix) Approval of any unbudgeted community investment contributions pursuant to DAG;
- (x) Approval of any material changes to the Company's capital structure, its listing status or its management and control structure; and
- (xi) Provision of guarantees or indemnities not in the ordinary course of business.

## 10.2 Mergers and Acquisitions (“M&A”)

- (i) Approval of all mergers and acquisition exercise including but not limited to shares acquisitions, disposals, joint ventures and other similar corporate exercise; and
- (ii) Approval of pre-feasibility and feasibility expenditures in excess of RM1 million per M&A programme.

## 10.3 Communication

- (i) Approval of resolutions and corresponding documentation to be put to shareholders at a general meeting;
- (ii) Approval of all circulars and listing particulars; and
- (iii) Convening of meetings of shareholders of the Company.

## 10.4 Statutory and Administrative Matters

- (i) Changes to the structure, size and composition of the Board and ensuring adequate succession planning;
- (ii) Appointment or removal of the Company Secretary;
- (iii) Recommendation of appointment, removal or re-appointment of external auditor;
- (iv) Review and approve the constitution and terms of reference of Board committees;
- (v) Receiving reports from Board committees;
- (vi) Review of Board’s performance, that of the Board committees and individual directors (including a review of the directors’ independence) and taking any necessary corrective action; and
- (vii) Determine the remuneration policy for Directors and senior management.

## 10.5 Internal Controls

- (i) Maintain and regularly review the Group’s system of internal control, performance reporting and procedures.

## 10.6 Other

- (i) Recommendation of any changes to the Memorandum and Articles of Association of the Company;
- (ii) Grant any signing authority pursuant to the Articles of Association;
- (iii) Approval of any material amendment to the Company’s retirement benefit scheme or provident funds;



- (iv) Establishment of any overseas branch;
- (v) Approval of the Group's policies;
- (vi) Approval of any new and amendments to any existing share incentive scheme as recommended by the Remuneration Committee of MTDACPI; and
- (vii) Any amendments to this Terms of Reference.

Nothing in this section 10.0 shall restrict the Board from delegating its power to any Committee in accordance with the Articles of Association.

#### **11.0 Revision of the Terms of Reference of MC**

- 11.1 Any revision or amendment to this Terms of Reference as proposed by MC shall be presented to the Board for its approval.
- 11.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

#### **ENDORSED FOR AND ON BEHALF OF THE BOARD**

**DATO' IR. A. RASHID BIN OMAR**  
**CHAIRMAN**  
**MTD ACPI ENGINEERING BERHAD**

Date:

The originator: Secretarial Department