



MEDA INC
MEDA INC BERHAD
(Company No. 507785-P)

**POLICY ON
INDEPENDENCE OF DIRECTORS**

1. INTRODUCTION

Meda Inc Berhad (“the Company” or “Meda”) is committed to adopt the highest standards of corporate governance. Those standards require that at least one-third ($\frac{1}{3}$) of the members of the Board of Directors (“Board”) (including the Chairman) are independent and that a majority of Board committee members are similarly independent. If the Chairman of the Board is not an independent Director, the Board must comprise a majority of independent Directors.

In formulating this Policy, the Company has taken into account the recommendations contained in the Malaysian Code on Corporate Governance, and its disclosure obligations contained in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the “Listing Requirements”), with which the Company is bound to comply.

The independence of Directors of Meda will be assessed by the Board pursuant to this Policy and, as described below, the Board will have discretion to determine if a Director is independent.

2. PURPOSE

The purpose of this Policy is to:

- a) describe how the Board will assess the independence of each Director;
- b) identify the information that will be collected from each Director to make the assessment of independence; and
- c) outline the basis of disclosure to shareholders of the assessment of independence of Directors.

3. ASSESSMENT OF INDEPENDENCE

The Board will assess the independence of Directors with reference to the definition of an independent director contained in the Listing Requirements, which reads as below :

“An independent director is a non-executive director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of a company.”

4. INFORMATION COLLECTED BY THE BOARD TO ASSESS INDEPENDENCE

In determining the independence of individual Directors the Board will consider all relevant information, facts and circumstances. It is not possible for this Policy to provide for all circumstances that will indicate a conflict of interest or a material relationship that might, or might be perceived to materially interfere with the exercise of objective, unfettered and independent judgment. However, a Director will normally be considered to be independent if he or she satisfies the criteria set out in Section 5.

A Director may still be considered by the Board to be independent even if the Director does not meet one or more of the criteria specified in Section 5 except for the criteria under the definition of Independent Director pursuant to Listing Requirements. The

Board reserves its right to make an appropriate assessment and to make the appropriate disclose as set out in Section 6 of this Policy.

Directors have provided the Board with all information in relation to their interests or relationships relevant to their independence. The Directors are required to inform the Board of any change in their position. The Board will assess the independence of Directors upon appointment and then annually and will re-assess determinations of independence when any new interests or relationships are disclosure by a Director.

5. INDEPENDENCE CRITERIA AND MATERIALITY THRESHOLDS

In assessing the independence of directors, the Board will take into consideration those relationships that the Listing Requirements consider may affect the independent status of a Director.

The criteria adopted by the Board which would indicate that a Director is independent are as follows. Without limiting the generality of the assessment of independence of directors in Section 3, an independent director is one who:

- a) is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as "said Corporation");
- b) has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation.
 - *"officer" shall have the meaning given in section 4 of the Companies Act, 1965 which states that an "officer" in relation to a corporation includes any director, secretary or employee of the corporation; a receiver and manager of the corporation; and any liquidator for a company appointed in a voluntary winding up, but does not include any receiver who is not also a manager; any receiver and manager appointed by the Court; or any liquidator appointed by the Court or by the creditors.*
- c) is not a major shareholder of the said Corporation;
- d) is not a family member of any executive director, officer or major shareholder of the said Corporation;
 - *"family" shall have the meaning given in Chapter 1 of the Listing Requirements which means the spouse, parent, brother, sister, child (including adopted and step child) and the spouse of such brother, sister or child."*
- e) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
 - *"Nominee" means a person who has been designated to act for another in his or her place. It denotes a person who is accustomed, or is under an obligation, whether formal or informal to act in accordance with the directions, instructions or wishes of another person.*
 - *Nominee or representatives of major shareholders who fulfils all criteria except for this paragraph, may nevertheless be considered as an "independent Director" if:*
 - (i) *the major shareholder's aggregate shareholding in the said Corporation, directly or indirectly, is not more than 15% of the issued and paid-up capital (excluding treasury shares) of the said Corporation;*

- (ii) *the major shareholder is not deemed to be a promoter of the said Corporation; and*
- (iii) *the major shareholder is either:*
- *a statutory institution who is managing funds belonging to the general public; or*
 - *an entity established as a collective investment scheme, such as closed-end funds, unit trusts or investment funds (but excluding investment holding companies).*
- f) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad (“Bursa Securities”) or is not presently a partner, Director (except as an independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by Bursa Securities;
- *A person who is proposed to be or is an independent Director (“said Director”) is disqualified from being an independent Director if he:*
 - (i) *had personally provided professional advisory services to the said Corporation within the last 2 years; or*
 - (ii) *is presently a partner, director (except as an independent director) or major shareholder, of a firm or corporation (“Entity”) which has provided professional advisory services to the said Corporation within the last 2 years,*

and the consideration in aggregate is more than 5% of the gross revenue on a consolidated basis (where applicable) of the said Director or the Entity or RM1 million, whichever is the higher.
 - *Where the Entity is a corporation, the computation of the gross revenue of the Entity must be based on its annual audited financial statements for the last 2 financial years.*
 - *Where the service is rendered by the said Director personally or by an Entity other than a corporation, the computation of the gross revenue must be based on the income tax returns of the said Director or the Entity, as the case may be, submitted to the Inland Revenue Board for the last 2 years.*
- g) has not engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, Director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities; or
- *The said Director is disqualified from being an independent Director if he:*
 - (i) *had engaged personally in transactions with the said Corporation (other than for board service as a non-executive director) within the last 2 years; or*
 - (ii) *is presently a partner, director, a major shareholder, of an Entity (other than subsidiaries of the Company) which has engaged in transactions with the said Corporation within the last 2 years,*

and the consideration in aggregate exceeds 5% of the gross revenue on a consolidated basis (where applicable) of the said Director or the Entity or RM1 million, whichever is the higher.

- However, “transactions” as state above shall exclude transactions:
 - (i) on normal commercial terms entered into between the said Corporation and the said Director or between the said Corporation and an Entity where the said Director is also a director, major shareholder or partner:
 - for personal use of the said Director; or
 - for personal investment of the said Director but not for the purpose of carrying on a trade or business;
 - (ii) on normal commercial terms entered into between the said Corporation and an Entity where the said Director is also a director (and not a major shareholder) but is not involved in the said transactions;
 - (iii) for the following goods and services, provided that they are sold or rendered based on a non-negotiable fixed price or rate, which is published or publicly quoted and the material terms including the prices or charges are applied consistently to all customers or classes of customers:
 - provision or usage of public utility services such as water, electricity and telecommunications and data, postal or courier services, services by licensed institutions as defined under the Banking and Financial Institutions Act 1989 (other than professional advisory services which are subject to paragraph (f) above), insurance, unit trusts, stockbroking services, public transport, education, medical services, provision or usage of tolled highways, hotel facilities and recreational services, provision or consumption of fuel on retail or food and beverage at eateries, provision or purchase of goods at retail outlets such as supermarkets, hypermarkets or departmental stores; and
 - such other types of goods or services that may be prescribed by Bursa Securities from time to time.
 - Where the Entity is a corporation, the computation of the gross revenue of the Entity must be based on its annual audited financial statements for the last 2 financial years.
 - Where the transaction is entered into by the said Director personally or by an Entity other than a corporation, the computation of the gross revenue must be based on the income tax returns of the said Director or the Entity, as the case may be, submitted to the Inland Revenue Board for the last 2 years.
- h) has a tenure as an independent Director of the Company that has not exceeded a cumulative term of nine (9) years or such extended tenure as may be approved by the shareholders of the Company.
- The tenure of nine years can be a consecutive service of nine years or a cumulative service of nine years with intervals.
 - An independent Director who has served the Company for a cumulative term of nine years may:
 - in the interest of the Company, continue to serve the Company but in the capacity of a non-independent Director; or
 - retain as an independent Director upon the Board making a recommendation and providing strong justification to the shareholders in a general meeting for approval.
- i) the Board considers and determines that the Director has ensured effective check and

balance in the proceedings of the Board and the Board Committees.

- j) the Board considers and determines that the Director has actively participated in Board deliberations, provided objectivity in decision making and an independent voice to the Board and contributed in preventing Board domination by any single party.
- k) the Board considers the Director has vast experience and would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Company.
- l) the Board considers the Director has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company.
- m) the Board considers the Director has exercised his/her due care in the interest of the Company and shareholders during his tenure as an Independent Non-Executive Director of the Company.

The criteria as stated above are guidelines for the Board to use in determining the independence of Directors. The test of whether a relationship or business is "material" will be based on the nature, circumstances and activities of the Director having regard to the guidelines above. Materiality will be considered from the perspective of the Company as a group, the persons or organisations with which the Director has an affiliation and from the perspective of the Director and will be determined on a case by case basis.

6. DISCLOSURE

The Board will make appropriate disclosure to shareholders in the Company's Annual Report including:

- a) identifying the independent and non-independent Directors (and any change in status that occurred during the year) and their date of appointment and date on change of status; and
- b) disclosure that the Board has conducted assessment of its independent Directors for the appointment and re-appointment of independent Directors.

If the Board's assessment of a Director's independence changes, that change will be disclosed immediately through Bursa Securities announcement.

7. REVISION AND UPDATES

This Policy on Independence of Directors was approved and adopted by the Board of Directors of Meda's effective from 21 December 2012. It is to be reviewed by the Board as and when required. Any intervening changes or additions can be by way of circular.