



ANCUBIC

ANCUBIC GROUP OF COMPANIES

(Company No: xx)

AUTHORITY MANUAL

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IMPORTANT NOTE:

Strictly for internal circulation only.

This manual is intended only for the use of the management and employees of ANCUBIC HOLDINGS SDN BHD and its subsidiaries ("the Group") in undertaking business operations. ANCUBIC Group is not accountable to any third party for reliance on the information contained in this manual, nor responsible for the completeness or accuracy of the information.



ANCUBIC

REV: 1.0

Page: 2 of 7

TITLE: AUTHORITY MANUAL

DOC: SOP - CORP

Apr 19, 2023

CONTENTS

1.0	Introduction	
1.1	Scope	
1.2	Objectives	
1.3	Authority Groups	
1.4	Authority of a Group higher than that designated to approve	
1.5	Authority in relation to subsidiaries of ANCUBIC GROUP	
1.6	Approval expenses and annual leave	
1.7	Delegation of authority	
1.8	Abbreviations for approval and definitions	
2.0	Authority delegated by Shareholders	
2.1	Introduction	
2.1	General	
3.0	Authority delegated by Board of Directors, Executive Committee and Group Managing Director	
3.1	Introduction	
3.2	Functions, responsibilities and authorities of various Groups	
3.3	Delegation of authority	
3.3	Delegation of authority	

4.0 Authority by Key Management

4.1	Authority delegated to execute application and submission project drawings & documents	
	Authority delegated to execute application and submission construction drawing & documents	
	Authority delegated to execute marketing approval & undertaking	
	Authority delegated to execute marketing SPA & DMC	



1.0 INTRODUCTION

1.1 The purpose of this procedure is to serve as a manual for the level of authority to prepare, propose, review, recommend and approve decisions required in the course of operations of Ancubic Group of Companies and Subsidiaries (Ancubic Group)

1.2 Objective

The objectives are as follows:-

- i. To identify in a systematic manner the level and scope of responsibilities and authorities of the various authority groups in the Ancubic Group of Companies and Subsidiaries (Ancubic Group).
- ii. To help management understand their responsibilities and authorities in performing the daily operations of Ancubic Group of Companies and Subsidiaries (Ancubic Group).
- iii. To ensure that authorisation of decisions is made by the proper authority groups or individuals only.

1.3 Authority Groups

The various authority groups are as follows:-

Authority Groups	Abbreviations
Shareholders	SH
Board of Directors	BOD or Board
Audit Committee	AC
Remuneration Committee	RC
Nomination Committee	NC
Executive Committee	EXCO
Group Managing Director	GMD
Senior Management Committee	SMC
Executive Director	ED
Director	D

1.4 Authority of a Group higher than that designated to approve

1.4.1 An authority group or an individual who is occupying a higher hierarchical position in the same functional group than the group or person designated to approve any item in this manual would automatically have the approval authority unless otherwise specified.

1.4.2 The person designated to approve is accountable to the person occupying a higher hierarchical position in the same functional group in his exercise of such authority/power of approval.



ANCUBIC

REV: 1.0

Page: 4 of 7

TITLE: AUTHORITY MANUAL

DOC: SOP - CORP

Apr 19, 2023

1.5 Authority in relation to subsidiaries of ANCUBIC

The BOD of the subsidiaries of “ANCUBIC Group” must obtain prior approval from the BOD or “ANCUBIC Group” in relation to all matters requiring approval from the BOD of the respective subsidiaries.

1.6 Approval expenses and annual leave

1.6.1 No personnel is authorised to approve his/her own expenses and annual leave irrespective of the authority levels shown in this manual. In all cases, approval must be obtained from the persons of management position whom the applicant reports to as shown below :-

Position	Approving Authority
Non-Executive Director	Group Managing Director
Group Managing Director	Human Resource Manager
Managing Director	Group Managing Director
Director	Managing Director
General Manager	Director

1.6.2 A subordinate must not claim expenses on behalf of the line manager, thereby circumventing authority levels in this manual.

1.7 Delegation of authority

The authority specified in this manual vest in the regular incumbents of the relevant positions. These authorities can be delegated unless otherwise specified to the persons as the authority group deems fit. Such delegation must be in writing either for a short period (during absence from duty of the regular incumbent, on leave or on the ANCUBIC Group’s overseas/outstation duties) or for an extended period (for other administrative reasons of the ANCUBIC Group).

1.8 Abbreviations for approval and definitions

1.8.1 The abbreviations for approval used in this manual are as follows:-

Authority Approval	Abbreviations
Authority to approve	A
Responsibility to recommend	R
Responsibility to propose	P

1.8.2 Definitions used in this manual are as follows:-

Fixed Assets	Assets required for smooth running of the business operations and are not held for the resale in the normal course of business
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ANCUBIC

REV: 1.0

Page: 5 of 7

TITLE: AUTHORITY MANUAL

DOC: SOP - CORP

Apr 19, 2023

Capital Expenditure	Expenditure in relation to fixed assets that will generate additional flows of future economic benefits to the ANCUBIC Group.
Disposal of Fixed Assets	Includes the sale or scrapping of assets in addition to writing off obsolete or missing items.
Guarantee	Contingent commitment and obligation given or undertaken.

2.0 AUTHORITY DELEGATED BY SHAREHOLDERS

2.1 Introduction

This section defines the authority structure, functions and responsibilities delegated by the Shareholders to the Board of Directors.

2.2 General

No.	Items	Authority Group						
		SH	BOD	AC	RC	NC	EXCO	GMD
2.2.1	Increase of authorised capital	A	R					P
2.2.2	Issue of new shares within the authorised capital	A	R					P
2.2.3	Mandate for share buy-back	A	R					P
2.2.4	Declaration of final dividend	A	R					P
2.2.5	Appointment of external auditors	A	R	P				
2.2.6	Audit fees		A	R				
2.2.7	Fees and allowance of BOD	A	R		P			
2.2.8	Alteration to the Articles of Associations	A	R					P

3.0 AUTHORITY DELEGATED BY BOARD OF DIRECTORS

3.1 Introduction

This section defines the authority structure, functions and responsibilities delegated by the Board of Directors ("BOD") to:-

- i. Audit Committee ("AC")
- ii. Remuneration Committee ("RC")
- iii. Nomination Committee ("NC")
- iv. Executive Committee ("EXCO")
- v. Group Managing Director ("GMD")
- vi. Senior Management Committee ("SMC")
- vii. Executive Director ("ED")

3.2 Functions, responsibilities and authorities of various Groups

3.2.1 Board of Directors ("BOD" or "Board")



The BOD is responsible in promoting long term shareholder value, ensuring overall corporate governance, establishing goals for management and monitoring the achievement of these goals.

The main roles of the BOD are as follows :

- i. Align and approve the corporate objectives and policies of the ANCUBIC Group.
- ii. Appoint and approve the terms of reference of the AC, RC, NC and EXCO.
- iii. Review the ANCUBIC Group's system of internal controls which include the establishment of an appropriate control environment and framework.
- iv. Establishing an ongoing process for identifying, evaluating and managing significant risks faces by the ANCUBIC Group.
- v. Review and assess the ANCUBIC Group's financial and operational performances through periodic feedback and reports from the AC and the management team.
- vi. Review and approve the announcement of quarterly and annual financial statements to ensure that the financial statements are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view.
- vii. Appoint external auditors as well as determine audit fees, taking into consideration advice from the AC.
- viii. Any other duties as may be appropriate.

3.2.2 Audit Committee ("AC")

The AC is authorised by the BOD to enhance corporate governance in the ANCUBIC Group. Its primary function is to assist the BOD in fulfilling the oversight objectives on the Group's activities as follows:-

- i. To consider any matters concerning the appointment and re-appointment, the audit fee and any questions of resignation or dismissal of external auditors.
- ii. To review with the external auditors:
 - a. their audit plan, scope and nature of the audit of the Group;
 - b. their evaluation and findings of the system of internal controls; and the audit reports on the financial statements;
 - c. the external auditors' management letter and management's response with regard to problems and reservations arising from their audits;
 - d. the assistance given by the management and staff of the Group to the external auditors; and
 - e. any other matters that the external auditors may wish to discuss (in the absence of management where necessary).
- iii. To review the adequacy of the scope, functions, competency and resources of internal audit functions and to ensure that it has the necessary authority to carry out its work.
- iv. To review and assess the performance of the internal audit functions of which the internal auditors should reports directly to the AC.
- v. To review the adequacy and effectiveness of the Group's internal control systems as well as the administrative, operating and accounting policies, and take necessary



ANCUBIC

REV: 1.0

Page: 7 of 7

TITLE: AUTHORITY MANUAL

DOC: SOP - CORP

Apr 19, 2023

- actions to improve the same when necessary.
- vi. To review the quarterly and year end financial statements of the Group, focusing particularly on any changes in or implementation of major accounting policies and practices, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirements.
 - vii. To review any related party transactions and conflicts of interest situations that may arise within the Company or Group including any transactions, procedures or course of conduct that raises questions of management integrity.
 - viii. To review and verify the allocation of options pursuant to the Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-law of ESOS of the Group, if any.
 - ix. To carry out such other functions or assignments as may be delegated by the Board from time to time.

3.2.3 Remunerations Committee ("RC")

The RC's main functions are as follows:

- i. To review and recommend to the Board the appropriate remuneration packages for the executive directors of the Company, with or without other independent professional advice or other outside advice.
- ii. To formulate policies, guidelines and set criteria for remuneration packages for Executive Directors of the Company.
- iii. To ensure that the Executive Directors are fairly and appropriately remunerated according to the general market sentiments or conditions.
- iv. To determine the composition of the various types of components of remuneration such as basic salary, bonus and other benefits in kind for executive directors.
- v. To ensure all necessary actions are taken expediently by the Board to offer appropriate rewards, benefits, compensation and remuneration and to ensure that the levels of remuneration are sufficiently attractive to retain Directors and structuring the remuneration packages to link rewards to the individual performance.
- vi. To ensure that all remuneration packages and benefits given to the Directors are in compliance with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time.
- vii. Any other function that may be delegated by the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.
- viii. To carry out such other functions or assignments as may be delegated by the Board from time to time.

3.2.4 Nomination Committee ("NC")

The NC's main functions are as follows:-

- i. To consider and recommend to the Board suitable candidates for appointment as



Directors of the Company. In making a recommendation to the Board on the candidates for directorship, the NC should consider the candidates:-

- a. skills, knowledge, expertise and experience;
 - b. professionalism;
 - c. integrity; and
 - d. in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities / functions as expected from Independent Non-Executive Directors.
- ii. To annually review, or as required, the correct mix of skills, business and professional experiences that should be added to the Board.
 - iii. To appraise each individual Director including Independent Non-Executive Directors as well as the Group Managing Director in terms of his experience, knowledge, credibility and credentials, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of the Company. All assessments and evaluations carried out by the NC in the discharge of all its functions should be properly documented.
 - iv. To examine the ability of each Director to contribute to the effective decision making process of the Board and ensure that the Board of the Company is functioning actively, efficiently and effectively in all its decision making.
 - v. To assess the effectiveness of the Board as a whole and the Committees of the Board.
 - vi. To carry out such other functions or assignments as may be delegated by the Board from time to time.

3.2.5 Executive Committee ("EXCO")

The EXCO constitutes of ANCUBIC 's Executive Directors as appointed by the Board of Directors of the Company from time to time.

The principal objective of the EXCO is to assist the BOD in discharging its duties on operational and administrative matters so as to speed up the decision making process for the Group and to improve the efficiency and effectiveness in carrying out routine operational and administrative duties of the Group.

The EXCO's functions are as follows:

- i. To make strategic decision and to review the proposal on ANCUBIC Group's policies and procedures and strategic direction for the future.
- ii. Delegation of authority in accordance with the policies.
- iii. Review and approve ANCUBIC Group's corporate objective and operational policies, annual budget, corporate plan and capital expenditure.
- iv. Carrying out routine operational and administrative matters, opening of bank accounts and any financial arrangements, acquisition and disposal of non substantial assets and operating contracts.
- v. Should there be an emergency situation when the GMD is incapacity or could not



be contacted due to no or lack of communication facilities, the EXCO may decide based on simple majority.

3.2.6 Group Managing Director (“GMD”)

The GMD’s main roles are as follows:-

- i. Assist the BOD in overseeing the day-to-day operations of ANCUBIC Group.
- ii. Ensure the implementation of all approved policies and procedures and formulating plans to achieve ANCUBIC Group’s corporate objectives.
- iii. Select and appoint suitable candidates to the management team who will translate ANCUBIC Group’s corporate objectives and policies into detailed business plans and implementation of those plans.
- iv. Ensure the implementation and effectiveness of internal controls to monitor and safeguard the ANCUBIC Group’s financial and other resources.
- v. Maintain a high level of employee effectiveness, ethics and morale.

3.2.7 Senior Management Committee (“SMC”)

The SMC members shall constitute of Executive Directors and/or Senior Management personnel, Head of the subsidiary as appointed by Group Managing Director from time to time or by way of invitation through the Group Managing Director.

It is responsible to direct the Group in its widest context and ensures sound operation of general Group management.

The main functions of SMC are as follows:-

- i. It reviews and recommends the Group’s policies to the EXCO of the Company for approval.
- ii. It reviews and proposes the Company’s corporate objective and operational policies, annual budget, corporate plan, subsidiaries performance and capital expenditure.
- iii. It takes decision with regard to the adoption and change in financial and accounting policies, human resources policy, health and safety policies, information technology policies and warehouse policies.
- iv. To carry out such other functions or assignments as may be delegated by the Board of Directors of the Company from time to time.

3.3 Delegation of Authority

The delegation of authority involves the following areas:-

3.3.1	General
3.3.2	Operational Policies and Procedures
3.3.3	Capital Expenditure
3.3.4	Personnel



ANCUBIC

REV: 1.0

Page: 10 of 7

TITLE: AUTHORITY MANUAL

DOC: SOP - CORP

Apr 19, 2023

3.3.5	Finance
3.3.6	Legal and Secretarial
3.3.7	Administration and Others
3.3.8	New Investment, Merger and Acquisition

3.3.1 General

No.	Items	Authority Group						
		BOD	AC	RC	NC	EXCO	GMD	SMC
3.3.1.1	Corporate Objective And Policies					A	R	P
3.3.1.2	Terms of Reference Of: a) Audit Committee b) Remuneration Committee c) Nomination Committee	A A A	R	R	R		P P P	
3.3.1.3	Annual Business Plan/Annual Budget	A				R	P	
3.3.1.4	Corporate Plan					A	R	P
3.3.1.5	Declaration of interim dividend	A				R	P	
3.3.1.6	Appointment and termination of BOD members	A			R		P	
3.3.1.7	Audit policies and procedures	A	R				P	
3.3.1.8	Internal audit findings/matters		A				R	P

3.3.2 Operational Policies and Procedure

No.	Items	Authority Group						
		BOD	AC	RC	NC	EXCO	GMD	SMC
3.3.2.1	Authority manual					A	R	P
3.3.2.2	Financial and accounting policies and procedures					A	R	P
3.3.2.3	Human resource policies and procedures					A	R	P
3.3.2.4	Administration policies and procedures					A	R	P
3.3.2.5	IT policies and procedures					A	R	P
3.3.2.6	Risk management policies and procedures					A	R	P

3.3.3 Capital Expenditure

No.	Items	Authority Group			
		BOD	EXCO	GMD	SMC
3.3.3.1	Purchase and disposal of fixed assets (in the ordinary course of business) a) Cost more than RM3,000,000 b) Cost more than RM1,000,000 and up to RM3,000,000 c) Cost more than RM400,000 and up to RM1,000,000 d) Cost up to RM400,000	A	R A	P R A	P R A



ANCUBIC

REV: 1.0

Page: 11 of 7

TITLE: AUTHORITY MANUAL

DOC: SOP - CORP

Apr 19, 2023

3.3.4 Personnel

No.	Items	Authority Groups						
		BOD	AC	RC	NC	EXCO	GMD	SMC
3.3.4.1	Amendment to scheme of service of employees					A	A	P
3.3.4.2	Annual salary increment a) Total quantum b) Individual (excluding GMD and ED)						A A	R
3.3.4.3	Annual bonus a) Total quantum b) Individual (excluding GMD and ED)						A A	R R
3.3.4.4	Annual salary increment and bonus to GMD and ED	A		R			P	
3.3.4.5	Employment (including starting salary, confirmation and termination of all levels of staff)						A	R

3.3.5 Finance

No.	Items	Authority Group						
		BOD	AC	RC	NC	EXCO	GMD	SMC
3.3.5.1	Adoption and change in financial and accounting policies and procedures(day to day)					A	R	P
3.3.5.2	Management fees					A	R	P
3.3.5.3	Revaluation of fixed assets	A					R	P
3.3.5.4	Borrowing /credit facilities/corporate guarantee a) Acceptance of facilities	A					R	P
3.3.5.5	Writing-of bad debts, impairment of assets/investments a) More than RM500,000 per account / transaction b) More than RM100,000 but less than RM500,000 per account/ transaction c) Up to RM100,000 per account/transaction		A			R A	P R A	 P R
3.3.5.6	Guarantees on behalf of subsidiaries and associate company where ANCUBIC HOLDINGS SDN BHD has Management Control					A	R	P
3.3.5.7	Appointment/Change of cheque signatories a) ANCUBIC HOLDINGS SDN BHD b) The subsidiaries level	A				R A	P R	 P

3.3.6 Legal and Secretarial



ANCUBIC

REV: 1.0

Page: 12 of 7

TITLE: AUTHORITY MANUAL

DOC: SOP - CORP

Apr 19, 2023

No.	Items	Authority Group						
		BOD	AC	RC	NC	EXCO	GMD	SMC
3.3.6.1	Initiation of legal action relating to day-to day operations						A	R
3.3.6.2	Appointment of panel of legal advisors						A	R

3.3.7 Administration and others

No.	Items	Authority Group						
		BOD	AC	RC	NC	EXCO	GMD	SMC
3.3.7.1	Authority to operate day-to-day operations on administration matters is delegated to the GMD						A	
3.3.7.2	Press statement						A	
3.3.7.3	Donations and contributions to staff and public social activities (per donation) a) More than RM100,000 b) Up to RM100,000					A	R A	
3.3.7.4	Appointment of consultants for day-to-day operations not specified elsewhere in this manual						A	
3.3.7.5	To delegate authorities entrusted to the GMD						A	

3.3.8 New Investment, Merger and Acquisition

No.	Items	Authority Group						
		BOD	AC	RC	NC	EXCO	GMD	SMC
3.3.8.1	Non-related party transactions New Investment , merger, acquisition of company / property	A				R	P	
	New joint venture, biz arrangements or transactions	A				R	P	
3.3.8.2	Related party transactions New Investment , merger, acquisition of company / property	A	R			P		
	New joint venture, biz arrangements or transactions	A	R			P		