

## 1. Introduction

This policy is intended to guide Board and management of Pensonic Holdings Berhad ("PHB") in the managing, investing and using the available fund in the Group to achieve the highest rate of return during acquisition and or disposal of investment assets ("the Portfolio") as well as effective supervision, monitoring and evaluation of the same, all in line with principal objectives of capital preservation and maintenance of adequate liquidity.

The Portfolio is managed by the management under direct authority of the Board in line with the Board's supervisory role in overseeing the conduct of the Group's business to ensure that conduct of business is duly authorised and managed.

## 2. Scope

This policy is applicable to the businesses in the Group with regard to investment feasibility evaluation, obtaining approval, implementation, monitoring and reporting of investment against defined targets.

## 3. Purpose of this Policy

The purpose of this Policy is:

- 3.1 To establish a clear understanding of the investment goals and objectives including the various assets classes, assets allocation, acceptable risk and expected total long term investment return.
- 3.2 To provide guidance and limitation in order to ensure sufficient levels of overall diversification, risk and liquidity in the investment portfolio so that assets are managed according with the Group's long term objectives.
- 3.3 To ensure the Group has a plan and process in place to support investment decision-making process.
- 3.4 To outline procedures and criteria to monitor, evaluate and report the same to the Board
- 3.5 To ensure compliance with all fiduciary, prudence and due diligence requirements and with all applicable laws in Malaysia that could impact the investment.

#### **4. Objectives of investment**

The principal objectives of the investing activities are:

##### **4.1 Preservation of capital and protection of principal**

All investments should be undertaken in a manner that seek to ensure capital preservation within the Group. Accordingly, termination of loss-making investment may be required, from time to time, to limit losses and ensure that the cumulative losses do not exceed the income generated from the other businesses of the Group.

##### **4.2 Liquidity**

All business segments within the Group will retain adequate liquidity to meet operating needs which are reasonable to be anticipated.

##### **4.3 Return on investment**

A rate of return should be determined; one which commensurate with risk consideration and cash flow as reviewed and determined by the Board from time to time.

##### **4.4 Enhancement of competitiveness and risk management**

The selection of investments is primarily to sustain and promote competitiveness in existing business and diversification, where relevant to mitigate downturn in existing business segments.

#### **5. Investment Goal**

5.1 The investment goal is to earn a total return that will provide a steady stream of income and capital appreciation, as applicable, to fund the working capital of the Group while maintaining the real or inflation-adjusted value of the Group's Portfolio over long periods of time.

5.2 The Group will maintain a diversified Portfolio that is invested in different risk allocations, assets classes and investment styles.

5.3 The asset allocation plan takes into consideration general business and economic condition, other resources of the Group and the need to preserve capital and realise contributions.

#### **6. Ethics and conflict of interest**

Directors and management involved in the investment process shall refrain from personal business activity that could conflict with the execution and management of the Portfolio or could impair their ability to make impartial decisions.

Directors and management shall disclose any material interests in entities / individuals with which they do business and avoid taking personal investment transactions with the same entities / individuals they conduct business with on behalf of the Group.

## 7. Prohibited investment

Investment with the following criteria shall be avoided by the Group.

### 7.1 Environmental concerns

- Disregard for a clean healthy and sustainable environment.
- Refusal to change harmful production methods when alternative technologies are available.
- High toxins emission levels compared to corporate peers.
- Production of harmful chemicals.

### 7.2 Social justice concerns

- Manufacture and distribution of weapons of war.
- Sweatshop labor including unacceptable labor practices and use of forced or child labor.

Corporate practices should be carefully reviewed vis a vis evaluation of overseas investment. In case of doubts, management should confer with the Board to determine whether to invest, divest or otherwise.

## 8. Delegation of authority

Explicit delegation of authority to specific persons for investment proposal and transactions management is essential to ensure that no person may engage or represent the Group in an investment transaction save as provided under the Policy.

### 8.1 The Board

The following must be presented to the Board for deliberation and specific and explicit approval thereafter:

- (a) Investment in publicly traded debt or equity securities exceeding RM3M.
- (b) Any amount of investment of capital nature where acquisition is not in the ordinary course of business.
- (c) Investment of surplus cash assets where at least 50% can be invested in minimum in equivalent of Grade A bonds or blue chip equity and remaining 50% in any other securities.

### 8.2 The Executive Director

The following shall require specific and explicit approval of the Executive Director:

- (a) Investment in publicly traded debt or equity securities below RM3M
- (b) Any amount of ordinary capital expenditure required in the course of business not budgeted previously

Notwithstanding the specific authority given, the Executive Director is required to undertake a thorough review and evaluation of any new investment falling within the scope of authority.

The Executive Director to ensure that Directors' Circular Resolution is approved based on the information provided in the checklist.

The Portfolio is as tabulated.

Risk appetite	Asset class	% of holding
Growth (High)	Equity shares	50
	Hedge fund	05
	Private equity	05
Diversifying (Moderate)	Opportunistic	20
	Fixed income	10
Inflation hedge (Low)	Market	05
	Private	05
Total		100

- 8.3 Planning horizon for the Portfolio will be with regard to the payback period. 6-monthly interim performance review will be conducted for investment with payback period in excess of 1 year.

## 9. Approval of investment

- 9.1 Proposals shall require the approval from and notification to the relevant parties as tabulated below:

Portfolio	Limit (RM)	Approval	Notification
Publicly traded debt or equity securities	> RM3M	Board	-
	< RM3M	Executive Director	Board
Ordinary capital expenditure required in the course of business not budgeted previously	< RM2M		
Investment of capital nature where acquisition is not in the ordinary course of business	Any amount	Board	-

Portfolio	Limit (RM)	Approval	Notification
Investment of surplus cash assets where at least 50% can be invested in minimum in equivalent of Grade A bonds or blue chip equity and remaining 50% in any other securities	Any amount	Board	

9.2 Due supporting calculations and justifications for investments to be made are required to be tabled prior to approval.

Proposals should be tabled within reasonable time of 7 days prior to Audit Committee and or Board meetings to give the Directors sufficient time to review through the proposals.

9.3 Refer Appendix Q.1 for Specimen Model of Investment Proposal.

## **10. Implementation, monitoring and reporting**

10.1 The Executive Director and management are expected to implement, monitor and report to the Board about the investment activities quarterly.

10.2 The period reporting package should include the following:

- (a) Details of the portfolio including market valuation.
- (b) Total return to-date.

## **11. Periodic Review**

This policy shall be reviewed from time to time by the Board when deemed necessary.

## **12. Effective Period**

This Policy is effective 13 September 2018.