



KIA LIM BERHAD
(342868-P)

BOARD CHARTER

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1. INTRODUCTION

The Board of Kia Lim Berhad (“Kia Lim” or the “Company”), appointed by its shareholders, is accountable to them for the performance of the Kia Lim Group of Companies (“Kia Lim Group”). The Kia Lim Board (“Board”) fulfils this accountability by ensuring that Kia Lim has an appropriate corporate governance structure aimed at creating and protecting shareholder’s value.

All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

2. PURPOSE

This Board Charter, which is established by the Board, sets out the roles and responsibilities of the Board and the Board Committees, the composition of the Board, and the processes and procedures for convening Board Meetings.

This Board Charter is to be a source of reference to guide Board members and Senior Management. It will also assist the Board in assessment of its own performance and that of its individual Directors.

3. THE BOARD

The Board should consist of qualified individuals with different backgrounds and specialisations, collectively bringing considerable knowledge, judgment and experience to the Board. The Directors’ stewardship responsibilities include setting policies and strategies, performance monitoring, allocation of resources, risk assessment and management as well as improving governance and controls.

I. Roles and Responsibilities of the Board

The Board takes full responsibility for the overall performance of the Kia Lim Group and its obligations to the Company’s shareholders and stakeholders. The principal roles and responsibilities of the Board members are as follows:

- (a) Reviewing and adopting a sustainable business strategy/direction of the Kia Lim Group;
- (b) Approving the implementation of appropriate measures to manage Kia Lim Group’s key risks, internal controls and reporting systems;
- (c) Approving and monitoring the compliance with the Directors’ Code of Conduct and Ethics (“CCE”);
- (d) Approving annual budgets, including major capital commitments;
- (e) Approving financial statements and accounting policies of the Kia Lim Group;
- (f) Approving financial report to be released and related announcements;
- (g) Approving the dividend declaration and payment of dividend;
- (h) Approving corporate plans and programmes.
- (i) Approving acquisition, disposal or closure of any business;
- (j) Approving new/expansion of business ventures;
- (k) Approving credit facilities, borrowings or grants;
- (l) Approving management’s authority limits;
- (m) Developing and implementing an investor relations programme or shareholder communication channels such as telephone, mail, email, facsimile, corporate website, in person or via attendance at the General meetings;
- (n) Dealing with sensitive or unusual matters of a material nature;
- (o) Monitoring major litigation; and
- (p) Any other issues which may be decided by the Board from time to time.

II. Board Composition

The Articles of Association of the Company provides that the number of directors shall be not less than three (3) and not more than fifteen (15).

In accordance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company must ensure that at least two (2) directors or one - third (1/3) of the Board, whichever is higher are Independent Directors. If the number of directors of the Company is not three (3) or a multiple of three (3), then the number nearest one - third (1/3) must be used.

The composition and size of the Board shall be reviewed from time to time to ensure its appropriateness.

The Board shall appoint a Senior Independent Director who will attend to any query or concerns raised by shareholders.

The Directors are guided by the requirements of the MMLR of Bursa Securities on attendance of at least 50% of Board meetings held in a financial year and that directorships held by any Board member at any time shall not exceed five (5) in listed companies.

III. Appointment and Re-election of the Board

The Board is empowered to appoint a director upon recommendation from the Nomination Committee (“NC”). In making the recommendation, the NC will consider and evaluate the required mix of skills, knowledge, expertise and experience that a candidate bring to the Board.

The Bursa Securities Listing Requirements provides that each Director, including the Managing and/or Executive Directors must retire from office at least once in three (3) years and shall be eligible for re-election at the Annual General Meeting ("AGM").

Directors who are newly-appointed by the Board are subject to re-election by the shareholders at the immediate next AGM held following their appointment.

IV. New Directorship

Any Director of the Company is, while holding office, at liberty to accept other Board appointments as long as the appointment is not in conflict with the business and does not affect his performance as a director. This must be subsequently notified to the Chairman.

V. Independence of Director

The tenure of an Independent Director, unless approved by the shareholders for such further period, shall not exceed a cumulative term of 9 years. Prior to attaining the stipulated number of years, the NC will consider the following and recommend to the Board accordingly:

- (a) Whether the Independent Director to continue to serve on the Board subject to his designation as a Non Independent Director; or
- (b) Whether to seek shareholders’ approval in order to retain him as an Independent Director.

Directors are expected to advise the Chairman immediately if they believe that they may no longer be independent.

The Board undertakes to assess the Independence of Independent Director on an annual basis.

4. CHAIRMAN, CHIEF EXECUTIVE OFFICER, DIRECTORS AND MANAGEMENT TEAM

There is a clear and distinct division of responsibility between the Chairman and the Chief Executive Officer to ensure a proper balance of power and authority. The Chairman is responsible for conducting meetings of the Board and shareholders and ensuring all Directors are properly briefed during Board discussion and shareholders are informed of the subject matters requiring their approval while the Chief Executive Officer has the executive responsibility to manage the business. All decisions of the Board are based on decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no individual or a group of individuals dominate the decision making process.

I. Chairman

The key roles of the Chairman in the Board are as follows:-

- (a) Representing the Board to Shareholders;
- (b) Ensuring the integrity and effectiveness of the governance process of the Board;

- (c) Maintaining regular dialogue with the Executive Directors/Chief Executive Officer over all operational matters and to consult the remainder of the Board over any matter that gives him cause for major concern; and
- (d) To act as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinion among members and management is forthcoming.

II. Chief Executive Officer

The Chief Executive Officer is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. The Chief Executive Officer is responsible for the executive management of the Kia Lim Group and is accountable to the Board for its day-to-day operations. The key roles include:

- (a) Developing the strategic direction of the Kia Lim Group;
- (b) Exploring business opportunities which are of potential benefit to the Company;
- (c) Ensuring that the Board and Board Committees are provided with sufficient information on a timely basis regarding the Company's operations, performance, financial conditions, operating results and prospects, to enable the Board and Board Committees to fulfil their governance obligations;
- (d) Ensure that the Kia Lim Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board;
- (e) Serve as chief spokesperson of the Company and Kia Lim Group; and
- (f) Taking remedial action, where necessary.

III. Independent Non Executive Directors

The Independent Non Executive Directors shall provide independent judgement and objectivity without being subordinated to operational considerations. The Independent Non-Executive Directors help to ensure that the interests of all shareholders and not only the interests of a particular group, and that all relevant matters and issues are objectively and impartially considered by the Board. The roles of an Independent Non-Executive Director, amongst others, are as follows:

- (a) Provide independent judgement on issues relating to strategy, performance, resources allocation and standards of conducts;
- (b) Participate actively in meetings, giving independent views in a constructive manner and bringing an element of objectivity to the Board's decision making; and
- (c) Provide a check and balance to the Board.

IV. Executive Directors and Management Team

The Chief Executive Officer is assisted in the management of the business on a day to day basis by the Executive Directors and the Management Team. The key responsibilities include:

- (a) To manage the development activities of the Kia Lim Group;
- (b) To manage and administer day-to-day operations of Kia Lim Group; and
- (c) To be responsible for the overall operational and business management and profit performance of Kia Lim Group.

5. BOARD COMMITTEES

The Board has established the following Board Committees to assist and advise the Board in fulfilling its duties and responsibilities:

I. AUDIT COMMITTEE ("AC")

The Company has established an AC to review the integrity of the financial reporting and to oversee the independence of external auditors.

TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board from amongst its Directors excluding alternate directors which fulfills the following requirements:

- (a) The AC must be composed of no fewer than three members;
- (b) A majority of the AC must be Independent Directors (as defined in the Listing Requirements) and all members of the AC should be non-executive directors and financially literate;
- (c) Shall not appoint a former key audit partner as its member except who has observe a cooling off period of at least two years after the date of his engagement; and
- (d) At least one member of the AC:
 - (i) Must be a member of the Malaysian Institute of Accountants; or
 - (ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - (aa) He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - (bb) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
 - (iii) Fulfills such other requirements as prescribed or approved by the Bursa Securities.

The members of the Committee shall elect a chairman from amongst the AC members who shall be an Independent Director and shall not be the Chairman of the Board. The Board shall, within three (3) months of a vacancy occurring in the chairmanship, elect a new Chairman from among their numbers who is an Independent Director.

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three, appoint such number of new members as may be required to make up the minimum number of three members.

The NC shall review the term of office and performance of the Committee and each of its members annually.

Rights

The Committee in accordance with the procedure determined by the Board shall:

- (a) Have explicit authority to investigate any matter within its terms of reference;
- (b) Have the resources which are required to perform its duties;
- (c) Have full and unrestricted access to any information pertaining to the Company;
- (d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) Be able to obtain independent professional or other advice;
- (f) Be able to convene meetings with the external auditors, person(s) carrying out the internal audit function or activity or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary;
- (g) Be able to seek co-operation of all employees of the Company; and
- (h) Promptly report to the Bursa Securities of matters which result in a breach of the Listing Requirements.

Functions

The functions of the Committee shall include the following:

- (a) review the following and report the same to the Board:
 - (i) With the external auditor, the audit plan;
 - (ii) With the external auditor, his evaluation of the system of internal controls;
 - (iii) With the external auditor, his audit report;
 - (iv) The assistance given by the employees of the Company to the external auditor;
 - (v) The suitability, objectivity and independence of external auditor annually;
 - (vi) The quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (aa) Changes in or implementation of major accounting policy changes;

- (bb) Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - (cc) Going concern assumptions; and
 - (dd) Compliance with accounting standards and other legal requirements.
- (vii) Any related party transaction and inter company transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (viii) Any letter of resignation including the written explanations of the resignation from the external auditors of the Company; and
 - (ix) Whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- (b) To do the following, in relation to the internal audit function:
 - (i) Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - (ii) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - (iii) Review any appraisal or assessment of the performance of members of the internal audit function;
 - (iv) Approve any appointment or termination of senior staff members of the internal audit function; and
 - (v) Take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
 - (c) Recommend the nomination of a person or persons as external auditors or internal auditor; and the auditors' remuneration.
 - (d) Verify the criteria for allocation of option pursuant to a share scheme for employee.

Meetings

- (a) Meetings of the Committee shall be held not less than four (4) times a year;
- (b) The Chairman shall convene a meeting whenever any member of the AC requests for a meeting;
- (c) A meeting may be convened using telephone and/or the contemporaneous linking together by telephone or such other electronic communication media of a number of the Committee members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as:
 - (i) The quorum is met;
 - (ii) At the commencement of the meeting each AC member acknowledges his presence thereof to all the other members taking part and such participation shall be deemed to be his presence in person;
 - (iii) Each of the Committee members taking part is able to be heard and hear each of the other members subject as hereinafter mentioned throughout the meeting; and
 - (iv) The Committee members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validity notwithstanding that the telephone or electronic communication media is accidentally disconnected during the meeting and provided that no discussions or decisions should be made in respect of matters by the members during disconnection and that if the telephone or electronic communication media cannot be re-connected at all, the meeting shall then be adjourned.
- (d) The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee;
- (e) Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable;
- (f) The Head of Finance, the Head of Internal Audit and a representative of the external auditors shall normally attend meetings. Other Board members, employees, any professionals or outsiders with relevant experience or expertise may attend any particular meeting only at the Committee's invitation;
- (g) At least twice a year, the Committee shall meet with the external auditors without Executive Board members present;
- (h) The quorum for a meeting of the Committee shall be two (2) PROVIDED ALWAYS THAT the majority of members present must be Independent Directors;

- (i) Any decision of the Committee shall be by simple majority. Where necessary and appropriate, any decision of the AC can also be made or passed by way of a written circular resolution;
- (j) The Committee shall record its conclusions in discharging its duties and responsibilities;
- (k) The Company Secretary shall be the Secretary of the AC; and
- (l) The Secretary is responsible for sending out notices of the meetings and preparing and keeping minutes of meetings.

Reporting Procedures

The Minutes of the AC meeting shall be extended to all the members of the Board of Directors.

II. RISK MANAGEMENT COMMITTEE (“RMC”)

The RMC was established on 27 February, 2018, it plays the role to ensure that a risk management structure is embedded throughout the Group and risk management policies consistently adopted.

The primary task of the RMC is to identify and assess the various risks inherent in its operating environment and review the adequacy of controls implemented to mitigate such risks.

TERMS OF REFERENCE

Composition

The RMC shall consist of at least two (2) members and shall exclusively comprise Non-Executive Directors with a majority of Independent Directors.

Members of the RMC shall be appointed by the Directors amongst their number at a Board Meeting or via a Directors’ Circular Resolution in writing.

Members of the RMC may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company.

Quorum

The quorum for each meeting shall be a majority of members present.

Chairman

Members of the RMC shall elect a Chairman from among their number who shall be an Independent Director.

Meetings

Meetings of the RMC shall be held at least once a year and at such other time (s) as it deems necessary to fulfil its responsibilities. A member may at any time and the Secretary shall on the requisition of a Director/member, summon a meeting of the RMC. The Committee may invite any personnel and/or independent parties to attend the meeting.

Questions arising at any meeting of the RMC shall be decided by a majority of votes. A determination by a majority of members shall for all purposes be deemed a determination of the RMC. Where necessary and appropriate, any decision of the RMC can also be made or passed by all members by way of a written circular resolution.

In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote PROVIDED THAT where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two members are competent to vote on the question at issue, shall not have a casting vote.

The Company Secretary shall be the Secretary of the RMC. The Secretary is responsible for sending out notices of and preparing and keeping minutes of meetings. The minutes of the Committee meeting shall be

extended to all the Directors. The Committee shall record its conclusions in discharging its duties and responsibilities.

Objectives

The primary objectives of the RMC are as follows:

- (a) To oversee the Company and its subsidiaries' risk management matters including but not limiting to framework, policies and procedures; and
- (b) To review the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

Responsibilities

To do the followings and report the same to the Board of Directors: -

- (a) Define and recommend the principles, framework and process for managing risks within the Group, for consideration and approval by the Board;
- (b) Review and approve the inclusion of revisions to the risk management principles, framework and process arising from the RMC or the Board's decision to ensure that they remain relevant for use;
- (c) Review and recommend the annual Risk Profile which specifies key risks for approval by the Board;
- (d) Review, monitor and assess the effectiveness of risk treatment/mitigation action plan(s) for the management and control of risks;
- (e) Review new project/product and ensure the appropriate and relevant risks have been adequately addressed before submission to the Board for approval on any proposed new project/product launch;
- (f) Review if necessary together with other committees, management, internal auditors, external auditors and other parties any significant risks that could affect the Group and assess the steps that the Management has taken to manage such risks;
- (g) Review the annual risk management report on adequacy and effectiveness of risk management within the Group;
- (h) Benchmark risk management practices of the Group against international recognized standards;
- (i) Review the compliance framework, the plan and the scope of work of the compliance function; and
- (j) Monitor the overall compliance to the internal policies, statutory and regulatory requirements as well as guidelines for the Group.

Power

In carrying out its duties and responsibilities, the RMC will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The RMC may use the services of professional recruitment firms to source for the right candidate for directorship or seek independent professional advice.

Review

The terms of reference shall be reviewed from time to time to ensure that it reflects current best practice in corporate governance and risk management. Board's approval is required for any changes in the term of reference.

III. NOMINATION COMMITTEE ("NC")

The role of the NC is to ensure that the Board of Directors comprises Directors with an appropriate mix of responsibilities, skill and experience. The NC will also assists the Board in reviewing on an annual basis an appropriate balance and size of non-executive participation, establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual Director including Independent Non-Executive Directors. Such assessment has been properly documented and recorded.

TERMS OF REFERENCE

Composition

The NC shall consist of not less than three (3) members. The NC shall exclusively comprise of Non-Executive Directors with a majority of Independent Directors.

Members of the NC shall be appointed by the Directors among their members at a Board Meeting or via a Directors' Circular Resolution in writing.

At the Board of Directors' Meeting held on 27 August 2001, the NC was set up.

Membership of the NC should appear in the Directors' Report.

Members of the NC may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company.

Quorum

The quorum for each meeting shall be a majority of members present.

Chairman

The members of the NC shall elect a chairman from among their number who shall be a Senior Independent Director or Independent Director.

Meetings

The meetings shall be held not less than one (1) time a year. A member may at any time and the Secretary shall on the requisition of a Director summon a meeting of the NC.

Questions arising at any meeting of NC shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the NC. Where necessary and appropriate, any decision of the NC can also be made or passed by way of a written circular resolution.

In the case of an equality of votes the chairman of the meeting shall have a second or casting vote PROVIDED THAT where two (2) members form a quorum, the chairman of the meeting at which only such a quorum is present, or at which only two members are competent to vote on the question at issue, shall not have a casting vote.

The Company Secretary shall be the Secretary of the NC. The Secretary is responsible for sending out notices of the meetings and preparing and keeping minutes of meetings. The Minutes of the Committee meeting shall be extended to all the members of the Board of Directors. The Committee shall record its conclusions in discharging its duties and responsibilities.

A meeting may be convened using telephone and/or the contemporaneous linking together by telephone or such other electronic communication media of a number of the Committee members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as

- (a) The quorum is met;
- (b) At the commencement of the meeting each Committee member acknowledges his presence thereof to all the other members taking part and such participation shall be deemed to be his presence in person;
- (c) Each of the Committee members taking part is able to be heard and hear each of the other members subject as hereinafter mentioned throughout the meeting; and
- (d) The Committee members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validity notwithstanding that the telephone or electronic communication media is accidentally disconnected during the meeting and provided that no discussions or decisions should be made in respect of matters

by the members during disconnection and that if the telephone or electronic communication media cannot be re-connected at all, the meeting shall then be adjourned.

Objectives

The primary objective of the NC is to ensure that the Directors of the Board bring character to the Board which should provide a required mix of responsibilities, skills, experience, independence and diversity (including gender, ethnicity and age). The NC will also assist the Board in reviewing on an annual basis the appropriate balance and size of non-executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director.

Where a vacancy exists or when it is considered that the Board would benefit from the services of a new Executive Director with particular skills, the NC will select one or more candidates with the appropriate expertise and experience.

Responsibilities

To do the followings and report the same to the Board of Directors:

- (a) Review regularly the Board structure, size and composition, and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (b) Review and recommend new nominees for appointment to the Board of Directors;
- (c) Assess Directors on an on-going basis and the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;
- (d) Recommend to the Board, Directors to fill the seats on Board Committees;
- (e) Review annually the Board's mix of skills, experience, independence and diversity (including gender, ethnicity and age) and other qualities including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report;
- (f) Recommend to the Board for continuation of the service of Executive and Non-Executive Directors who are due for retirement by rotation;
- (g) Orientate and educate new Directors as to the nature of the Company's business, current issues and corporate strategy; and the general responsibilities of the Directors including the expectations of the Company concerning their contribution;
- (h) Review the Executive Directors' and Key Senior Management's succession plan, and training programmes for the board; and
- (i) Assess and recommend to the Board, the continuation of terms of office of Independent Directors in compliance with MCCG.

Power

In carrying out its duties and responsibilities, the NC will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The NC may use the services of professional recruitment firms to source for the right candidate for directorship or seek independent professional advice.

IV. REMUNERATION COMMITTEE ("RC")

The RC is responsible to assist the Board in assessing the remuneration packages of the Directors of the Company and Group. The Board will decide on the remuneration packages after considering the recommendations made by the Committee.

TERMS OF REFERENCE

Composition

The RC shall consist of not less than three (3) members, Non-Executive Directors and a majority must be Independent Directors.

Members of the RC shall be appointed by the Directors among their members at a Board Meeting or via a Directors' Circular Resolution in writing.

At the Board of Directors' Meeting held on 27 August 2001, the RC was set up.

Members of the RC may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company.

Membership of the RC should appear in the Directors' Report.

Quorum

The quorum for each meeting shall be a majority of members present.

Chairman

The members of the RC shall elect a chairman from among their number who shall be an Independent Director.

Meetings

The meetings shall be held not less than one (1) time a year. A member may at any time and the Secretary shall on the requisition of a director summon a meeting of the RC.

Questions arising at any meeting of RC shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the RC. Where necessary and appropriate, any decision of the RC can also be made or passed by way of a written circular resolution.

In the case of an equality of votes the chairman of the meeting shall have a second or casting vote PROVIDED THAT where two (2) members form a quorum, the chairman of the meeting at which only such a quorum is present, or at which only two members are competent to vote on the question at issue, shall not have a casting vote.

Executive Director shall abstain from deliberations and voting on decisions in respect of their remuneration package. The remuneration and entitlements of the Non-Executive Directors, including the Non-Executive Chairman should be a matter to be decided by the Board of Directors as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

A meeting may be convened using telephone and/or the contemporaneous linking together by telephone or such other electronic communication media of a number of the Committee members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as:

- (a) The quorum is met;
- (b) At the commencement of the meeting each Committee member acknowledges his presence thereof to all the other members taking part and such participation shall be deemed to be his presence in person;
- (c) Each of the Committee members taking part is able to be heard and hear each of the other members subject as hereinafter mentioned throughout the meeting; and
- (d) The Committee members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validity notwithstanding that the telephone or electronic communication media is accidentally disconnected during the meeting and provided that no discussions or decisions should be made in respect of matters by the members during disconnection and that if the telephone or electronic communication media cannot be re-connected at all, the meeting shall then be adjourned.

The Company Secretary shall be the Secretary of the RC. The Secretary is responsible for sending out notices of the meetings and preparing and keeping minutes of meetings. The Minutes of the Committee meeting shall be extended to all the members of the Board of Directors. The Committee shall record its conclusions in discharging its duties and responsibilities.

Objectives

The primary objective of the RC is to act as a committee of the full Board to assist in assessing the remuneration of the directors reflecting the responsibility and commitment undertaken by the Board membership.

Responsibilities

To review the following and report the same to the Board of Directors:

- (a) Recommend to the Board the remuneration of the Executive and Non-Executive Directors;
- (b) Assist the Board in ensuring the remuneration of the directors reflects the responsibilities and commitment of the director concerned;
- (c) Review Executive Directors' scope of service contracts;
- (d) Oversee the qualitative and quantitative disclosures of remuneration made in the annual report and/or other means as required by authorities from time to time;
- (e) Meet with Nominating Committee on a separate sessions on the performance of Directors and senior management with a view of integrating the information in recommending to the Board the proposed remuneration of Directors and senior management;
- (f) Consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions; and
- (g) Undertake duties specified by the Board of Directors from time to time.

Power

In carrying out its duties and responsibilities, the RC will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The RC may obtain the advice of external consultants on the appropriateness of remuneration package.

6. BOARD MEETING

The Board schedules at least four (4) meetings a year at quarterly intervals with additional meetings convened whenever urgent and important matters or decisions are required. Meetings are scheduled at the end of each financial year to enable Board members to plan their schedules accordingly.

Prior to each Board meeting, all Directors will receive a full set of Board papers with due notice of issues to be discussed in a timely manner. Relevant Directors will provide explanation on pertinent issues. All proceedings and the conclusions from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of Section 343(3) of the Companies Act, 2016. The Company Secretary attends all the board meetings.

The Board is kept updated on the Company's financial performance activities and operations as well as other performance factors on a regular basis. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board's procedures are followed. Senior management staffs are also invited to attend Board meetings when necessary to provide the Board with further explanation and clarification on matters being tabled for consideration by the Board. Minutes of the Board meetings are also maintained by the Company Secretary.

7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Board shall be supplied with appropriate and timely information to enable it to discharge its duties. The Board papers are to be comprehensive and encompass both quantitative and qualitative information so that informed decisions can be made. The Board may request for additional information whenever it deems necessary or appropriate. Senior management staffs of the Company are invited to be in attendance at Board meetings to furnish clarification on issues that may be raised.

The Executive Directors/Chief Executive Officer, after consultation with the Chairman when necessary, ensure that all Directors have complete and timely access to information. Directors shall have access to all information within the Company, whether collectively as a Board or in their individual capacity, in furtherance of their duties.

The Executive Directors/Chief Executive Officer keep the Board informed on a timely basis of all material matters affecting the Kia Lim Group's performance and its major developments. In addition to formal Board meetings, the Chairman and the Executive Directors/Chief Executive Officer maintain regular contact with all Directors.

All Directors have access to the advice and services of the Company Secretary on matters relating to procedures regulating the Company and their compliance by the Company. In addition, the Board has put in place a

procedure for Directors, whether as a full board or in their individual capacity, to have access to all information within the Company and to take independent advice where necessary, in the furtherance of their duties and at the Company's expense.

8. DIRECTORS' TRAINING AND CONTINUING EDUCATION

In addition to the Mandatory Accreditation Programme prescribed by Bursa Securities, the Directors will continue to undertake relevant training programmes as well as seminars to keep abreast with developments in the capital markets, relevant changes in laws and regulations and on corporate governance matters and to enhance their existing or acquire additional skills and knowledge in the discharge of their responsibilities.

9. TIME COMMITMENT

The Board sets out expectations on time commitment for attending Board Meetings and General Meetings for all Directors and protocols for accepting new directorship.

The Directors are expected to confirm that they will be in a position to allocate sufficient time to meet the expectation of their role as a director.

The Directors are advised to notify the Chairman including indication of time that will be spent on the new appointment before accepting any directorship.

10. DIRECTORS' REMUNERATION

The RC reviews and recommends the remuneration of the Executive Directors/Chief Executive Officer to the Board for approval based on the corporate and individual performance and commitment. The RC also reviews and recommends to the Board the fees and allowances payable to the non-executive members of the Board and the Committees in accordance with the experience and level of responsibilities undertaken.

11. COMPANY SECRETARY

The Company Secretary plays an advisory role to the Board and the Board Committees on issues relating to procedural and statutory requirements including their compliance.

The appointment and removal of the Company Secretary shall be a matter of the Board as a whole.

The Company Secretary shall undertake amongst others the following functions:

- (a) Advise the Board and Management on governance issues;
- (b) Attend Board and general meetings, and ensure the proper recording of minutes;
- (c) Preparing and filing of the necessary Forms and Returns with the Companies Commission of Malaysia;
- (d) Ensure proper upkeep of statutory registers and records;
- (e) Liaising with the Companies Commission of Malaysia in respect of the Company's secretarial and related affairs; and
- (f) Liaising with Bursa Securities and Securities Commission in respect of compliance with Bursa Securities Listing Requirements or relevant requirements, if applicable.

12. SHAREHOLDERS AND OTHER COMMUNICATIONS

The Company is committed to promoting on-going and interactive communications with its entire shareholders and other stakeholders. This link is achieved through the Annual Reports, Circular to Shareholders, announcements made to the Bursa Securities and the shareholders' meetings. At the Annual General Meeting ("AGM") and other general meetings, the Company uses this avenue to gather views of, and answers questions from the shareholders on all issues relevant to the Kia Lim Group. Shareholders participation is encouraged during the question and answer sessions in the general meetings, and for shareholders to provide suggestions and comments for consideration by management.

The external auditors are also present to provide their professional and independent clarification on queries raised by shareholders. Status of all resolutions proposed at the AGM is announced to Bursa Securities at the end of the meeting day.

Shareholders and other stakeholders could also obtain general information of the Company through the website of Bursa Securities. The Company's website, www.kialim.com.my, further provides a comprehensive avenue for up-to-date information dissemination such as dedicated sections on corporate information, financial information and news on the Kia Lim Group.

For any feedbacks or enquires, shareholders can direct them to the Company's designated email address ir-enquiries@kialim.com.my or directly to the Senior Independent Non Executive Director, Mr Loh Chee Kan at his designated email address sined@kialim.com.my.

13. FINANCIAL REPORTING

The Board shall aim to provide and present a balanced and understandable assessment of the Kia Lim Group's financial position and prospect, primarily through the annual financial statements and quarterly financial reports to shareholders as well as the Chairman's Statement in the Annual Report.

The AC (and the external auditors) shall assist the Board in overseeing the Kia Lim Group's financial reporting processes and the quality of its financial reporting.

14. DIRECTORS' CODE OF CONDUCT AND ETHICS

The Directors' CCE is to be observed by all Directors of the Kia Lim Group. The CCE shall be reviewed and updated regularly to ensure that it continues to remain relevant and appropriate. The CCE is made available for reference on the Company's website.

15. CORPORATE DISCLOSURE

The Board aims to provide shareholders with comprehensive, accurate and quality information on a timely and even basis as it is in the Company's interest for maintenance of confidence.

While the Board is generally responsible for the proper dissemination of information, it designates the Chairman and /or Chief Executive Officer to oversee and coordinate on ensuring compliance with the disclosure obligations under the MMLR of Bursa Securities.

16. CONFIDENTIALITY AND DISCLOSURE OF INTEREST

The Directors are required to act in the best interests of the Company. The Directors also have a duty of confidentiality in relation to the Company's confidential information.

Director should disclose to the Board:

- (a) Any material personal interest they have in a matter which relates to the affairs of the Company; and
- (b) Any other interest (direct or indirect) which the Director believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The disclosure should be made as soon as practical after the Director becomes aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

17. REVIEW OF BOARD CHARTER

This Board Charter has been adopted by the Board and shall be reviewed regularly to ensure that new laws, regulations or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account.

The Board Charter is made available for reference on the Company's website.