

Revision No.	07
Effective Date	30.05.2023



KIA LIM BERHAD

Registration No.: 199501013667 (342868-P)

BOARD CHARTER

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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.

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.

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.

1. 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) Together with Senior Management, promoting good Corporate Governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- b) Reviewing and deciding on management’s proposals for the Company, and monitoring its implementation by management;
- c) Ensuring that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- d) Supervising and assessing management performance to determine whether the business is being properly managed;
- e) Ensuring there is a sound framework for internal controls and risk management;
- f) Understanding the principal risks of the Company’s business and recognising that business decisions involve the taking of appropriate risks;
- g) Ensuring that there is an appropriate risk management framework in place, for management to identify, manage and monitor significant financial and non-financial risks;
- h) Ensuring that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- i) Ensuring that the Company has in place procedures to enable effective communication with stakeholders;

- j) Ensure that its directors are able to understand financial statements and form a view on the information presented; and
- k) Ensuring the integrity of the Company's financial and non-financial reporting.

2. Board Composition

The Board shall have an appropriate mix of skills, knowledge, experience, independent elements and gender diversification for an effective Board that fit the Group's objectives and strategic goals. The composition and size of the Board shall be reviewed from time to time to ensure its appropriateness.

The Constitution of the Company provides that the number of directors shall be not less than two (2) and not more than fifteen (15). And at any one time, at least half of the Board member shall be Independent Non-Executive Directors.

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; and one (1) director is a woman. 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. In the event of any vacancy in the board of director, resulting in non-compliance of minimum Independent Director requirement, such vacancy must be filled within three (3) months.

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.

3. 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 MCCG 2021 recommends that the qualifications of a director should be the key factor in deciding on the appointment of the director. Appointed director should be politically neutral without having any executive powers in politics.

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").

The appointment and re-appointment of is a critical aspect of Corporate Governance, which has an impact on the leadership of the Company. As such, the Board will provide a statement as to whether it supports the appointment or reappointment of the Director and the reason why, and the statement will be included in the notes accompanying the notice of general meeting.

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.

The Board has developed a Directors' Fit and Proper Policy to set out the 'fit and proper' criteria based on which new Directors proposed to be appointed and existing Directors whose appointment is intended to be continued can be evaluated.

4. 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.

The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed. The Company Secretary shall facilitate the orientation for new Directors to be familiarise with the Company's business and operations.

5. Independence of Director

The tenure of an Independent Director will be limited to a cumulative term limit of twelve (12) years under the enhanced requirements in the MMLR, aimed at further strengthening board independence, quality and diversity. Upon completion of the twelve (12) years, an Independent Director must resign or be re-designed as a Non-Independent Non-Executive 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.

6. Alternate Director

Director of the Company shall be entitled at any time, and from time to time to appoint any person to act as his or her alternate and to terminate the appointment of such person and in that connection the provision of the Constitution shall be complied with.

The alternate director shall be entitled while holding office to receive notices of meetings of the Board and to attend and vote as a Director at any such meetings at which the Director appointing him or her is not present and generally to exercise all the powers, rights, duties and authorities as well as to perform all functions of the Director appointing him or her.

The Alternate Director shall also be entitled to exercise the vote of the Director appointing him or her, at any meetings of the Board and if the Alternate Director represents more than one (1) Director, the Alternate Director shall be entitled to one (1) vote for every Director he or she represents.

7. Board Diversity

The Board embraces diversity and gender mix in its composition and believes that the presence of diverse ethnicities, nationalities and gender mix on the Board can widen the Board's perspectives in effectively discharging its duties and responsibilities.

In accordance with the MMLR of Bursa Securities, the Company must ensure that at least one (1) director is a woman.

The Board aims to appoint and maintain 30% women participation on its Board in line with Government's aspiration and the Group will review the participation of women in Senior Management to ensure there is a healthy talent pipeline.

8. Board Effectiveness Evaluation

The Board has entrusted the NC with the responsibility for carrying out the annual Board Effectiveness Evaluation ("BEE"). The Board's effectiveness is assessed in the areas of composition, strategy and entrepreneurship, legal and regulatory requirements, corporate governance, risk management and internal controls, audit, accounting, financial reporting and taxation, human capital, sales and marketing and production and quality assurance.

The Directors' Self and Peer Assessment is intended to evaluate the mix of skills, experience and other relevant qualities the Directors bring to the Board, and takes into account the individual director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board. The Self and Peer Assessment process also examines the ability of each Board or Committee member to give material input at meetings and to demonstrate a high level of professionalism and integrity in the decision making process.

The assessment results from the BEE form the basis of the NC's recommendation to the Board for the re-election and/or re-appointment of Directors and Board Committee members as well as for further development of the Board and Board Committees.

ROLES AND RESPONSIBILITIES

There is a clear and distinct division of responsibility between the Chairman and the Chief Executive Officer ("CEO") 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 CEO 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.

In addition, the Chairman of the Board should not be a member of the Audit Committee ("AC"), Nomination Committee ("NC") or Remuneration Committee ("RC"). This is to avoid the risk of self-review in which may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendation put forth by the board committees. Thus, the Chairman of the Board should not be involved in these committees to ensure there is check and balance as well as objective review by the Board.

1. Chairman

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

- a) Providing leadership to the Board, and oversee the Board in the effective discharge of its fiduciary duties;
- b) Leading the Board in the adoption and implementation of good corporate governance practices in the Company;
- c) Setting the Board agenda and ensuring the Board members receive complete and accurate information in a timely manner;

- d) Leading discussions at meetings and ensure efficient and effective conduct of the Board meetings;
- e) Encouraging active participation and allowing dissenting views to be freely expressed;
- f) Promoting constructive and respectful relations between Board members and manage the interface between the Board and Management;
- g) Facilitating effective communication between the Board and the stakeholders and that their views are communicated to the Board as a whole; and
- h) Committing his time and efforts as may be necessary to discharge effectively his role as Chairman.

2. Chief Executive Officer

The CEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. The CEO 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) Ensuring 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) Providing strong leadership i.e. effectively communicating the Company's vision and mission, management philosophy and business strategy to the employees;
- f) Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- g) Serving as chief spokesperson of the Company and Kia Lim Group; and
- h) Taking remedial action, where necessary.

3. 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.

4. Executive Directors and Management Team

The CEO 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.

BOARD COMMITTEES

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

1. Audit Committee
2. Risk Management Committee
3. Nominating Committee
4. Remuneration Committee

Each Committee's role has been spelt out in its own specific terms of reference as approved by the Board. The powers and authority delegated to these Committees are also set out in the terms of reference of each of the Committees. The terms of reference of the Committees will be reviewed periodically and amended accordingly after approval by the Board. The Chairman of the respective Committees shall be available at the Company's AGM and all other general meetings to respond to relevant questions or queries.

The Board may from time to time establish any other Board Committees.

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.

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/CEO, 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/CEO 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/CEO 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.

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.

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.

DIRECTORS' REMUNERATION

The RC reviews and recommends the remuneration of the Executive Directors/CEO 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.

COMPANY SECRETARY

The Company Secretary is the secretary to the Board and through the Chairman plays an important role in good governance by helping the Board and its Committees function effectively and in accordance with their terms of reference and best practices. The Company Secretary shall be suitably qualified, competent and capable of carrying out the duties required of the post.

The roles and responsibilities of the Company Secretary, shall include amongst others, the following:

1. Attend, record minutes of all Board and the relevant committee meetings and facilitate Board communication. The minutes must be completed as soon as possible after the meeting and circulated to the Chairman and members of the Board for review thereof. The minutes must be formally approved by the Board at its next scheduled meeting;
2. Advise the Board on corporate disclosures and compliance with company and securities regulations and Listing Requirements of Bursa Securities;
3. Advise the Board on its obligatory requirements to disclose material information to shareholders and financial markets in a timely manner;
4. Ensure adherence to the respective policies and procedures of the Board and Board Committees;
5. Facilitate the orientation of new directors and to assist the directors in their training and development needs;
6. Manage processes pertaining to the AGM and other general meetings;
7. Maintain statutory records in accordance with legal requirements;
8. Monitor corporate governance developments and assist the Board in applying governance practices to meet the requirements of the Malaysian Code on Corporate Governance and the stakeholders' expectations;
9. Notify the Chairman and the Board of any possible violations of regulatory requirements;
10. Provide updates and assist the Board with interpreting regulatory requirements relating to Company and securities regulations as well as Listing Requirements of Bursa Securities; and
11. Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

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

INVESTOR RELATIONS AND SHAREHOLDER 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 (whether physically or by electronic or other technological means).

At the 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 Chairman and, where appropriate, the CEO, the Chair of any of the Board Committees shall respond to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

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.

In facilitating greater shareholders' participation at the general meeting, the Company will consider to leverage technology to facilitate electronic voting and remote shareholder participation when and where necessary.

The minutes of the general meeting detailing the meeting proceedings will be circulated to shareholders no later than thirty (30) business days after the completion of general meeting.

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 Chairman, Mr Loh Chee Kan at his designated email address **chairman@kialim.com.my**.

RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no company should exist to maximise shareholders value alone. In this regard, the needs and interests of other stakeholders shall also be taken into consideration.

1. Employees

- a) The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company; and
- b) The Company shall adopt comprehensive and documented policies and procedures with respect to the following:
 - i) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
 - ii) Industrial relations with the objective of managing employees' welfare and well-being in the workplace.

2. Environment

- a) The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission;
- b) The Company shall adopt comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development; and
- c) The Company supports initiatives on environmental issues.

3. Social Responsibility

- a) The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates;
- b) The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services; and
- c) The Company supports charitable causes and initiatives on community development projects.

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.

DIRECTORS' CODE OF CONDUCT AND ETHICS

The Directors' Code of Conduct and Ethics ("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.

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 CEO to oversee and coordinate on ensuring compliance with the disclosure obligations under the MMLR of Bursa Securities.

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:

1. Any material personal interest they have in a matter which relates to the affairs of the Company; and
2. 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.

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.

The Board had performed a review on 30 May 2023 of the Board Charter to ensure its consistency with the MMLR and its relevance.