



## **KHEE SAN BERHAD**

Registration No: 199401018697  
(304376-A)

## **BOARD CHARTER**

## **1. INTRODUCTION**

This Board Charter formalises the various roles and responsibilities of the Board, Board Committees and individual Director of Khee San Berhad.

It serves to provide guidance to the directors the key corporate governance principles to be adopted by the Board in carrying out their stewardship role and discharging their duties towards the Company and its shareholders. This Board Charter is not an all-inclusive document and should be read as a broad expression of principles.

This Charter does not overrule or pre-empt all statutory requirements that are stipulated in the Companies Act, 2016 (“CA 2016”), the Income Tax Act 1967, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) or such other relevant statutes.

It should be reviewed on a periodic basis and may be amended by the Board from time to time to ensure that the practices of the Board are consistent with the prevailing code of Corporate Governance, laws and/or regulations and reflect the Board’s commitment to best practices in Corporate Governance.

## **2. PURPOSE**

This Board Charter sets out the role and responsibilities, functions, composition, operations and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members. In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

## **3. ROLE OF THE BOARD**

The Board has the ultimate responsibility to set strategic direction and policy in relation to the business and affairs of the Company and the Group for the benefit of the shareholders and other stakeholders of the Company. The Board is accountable to shareholders for the performance of the Group.

The Board is collectively responsible for the proper stewardship of Group’s business and the creation of long-term shareholder value, whilst taking into account interests of other stakeholders.

Through oversight, review and counsel, the Board establishes and promotes the Company’s business and organisational objectives, provides leadership to the Company, oversees business affairs and integrity, works with management to determine the Company’s mission and long-term strategy.

The principal responsibilities of the Board are as follows:

- (a) Promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- (b) Review, challenge and decide on Management’s proposals for the Company and the Group, which includes corporate strategy and business plans and monitor the implementation by the Management;

- (c) Oversee the resources and operational conducts of the Company and the Group's businesses, to evaluate and assess Management's performance to determine whether the businesses are being properly managed;
- (d) Identify and understand the principal risks of the business of the Company and the Group and recognise that business decisions involve the taking of appropriate risks;
- (e) Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (f) Ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Senior Management;
- (g) Ensure that the Company adopts an effective communication strategy to enable effective communication with shareholders and other stakeholders;
- (h) Review the adequacy and integrity of the Group's internal control systems and ensure there is a sound framework for internal controls and risk management compliance with applicable laws, regulations, rules, directives and guidelines;
- (i) Delegates certain responsibilities to the various Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities;
- (j) Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability; and
- (k) Ensure the integrity of the Company's financial and non-financial reporting.

### **3.1 COMPOSITION AND BALANCE**

The Board should be of a size and composition with the benefit of diversity in experience, cultural backgrounds, age, gender, perspectives and skills that is conducive to effective decision making and effective discharge of its roles and responsibilities for the benefit of the Group and its Business. The Board shall be supportive of the gender diversity and ensure the Board comprises of at least one (1) director of the Company is a woman in accordance with paragraph 15.02 of the MMLR and endeavour to achieve 30% female directors as recommended by Malaysian Code on Corporate Governance ("MCCG").

The Company's Constitution allow a minimum of two (2) and a maximum of eight (8) Directors. The Board shall, from time to time, review its size and composition to ensure its appropriateness.

The Board recognises the importance of independence and objectivity in the decision making process. At least two Directors or 1/3 of the Board of the Company, whichever is the 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 1/3 shall be used.

To foster greater objectivity in the boardroom, and in line with the Practice 5.2 of MCCG at least half of the Board shall comprise of independent Directors.

### **3.1.1 Role of the Chairman**

The roles of the Chairman are segregated from the Chief Executive Officer.

The Chairman is primarily responsible for approving and monitoring the Group's strategies & policies, annual budgets & business plans, evaluating the performance of the Company. He has in depth learning and wide range of exposures from the past experiences topped up with his extensive knowledge on the Group's operations and strategic direction renders him the most suitable candidate to represent the Group. Among the key responsibilities of the Chairman include:-

- (a) providing leadership for the board so that the board can perform its responsibilities effectively;
- (b) setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
- (c) leading board meetings and discussions;
- (d) encouraging active participation and allowing dissenting views to be freely expressed;
- (e) managing the interface between board and management;
- (f) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
- (g) leading the board in establishing and monitoring good corporate governance practices in the company.

The Chairman also plays a pivotal role in ensuring that the Directors are effectively apprised on the business and operations of the Group. He also encourages healthy debate on issues arising at Board Meetings to ensure that decisions are arrived after taking into consideration the interests of shareholders, employees, customers and other stakeholders of the Company. He also creates a director leadership position with a focus on board administration and communications in ensuring the integrity and effectiveness of the relationships between the Non-Executive and Executive Directors.

### **3.1.2 Role of the Group Chief Executive Officer ("CEO")**

The Group CEO, is the most senior corporate officer in charge of the Company and reports to the Board of Directors. He is supported by his management team, and responsible for the day-to-day management of the Group's businesses, which includes implementing the policies and decisions of the Board, overseeing the operations to ensure organizational effectiveness, and managing the development and implementation of the Company's business and corporate strategies.

The Group CEO reports to the Chairman with respect to matters concerning the Board Members and is obliged to report and discuss at Board Meetings, all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory developments.

As a leader of the company, besides advising the Board of Directors, the Group CEO motivates employees, and drives change within the organization.

### **3.1.3 Role of Individual Directors**

The principal roles of individual directors include, amongst others:

- (a) Exercise independent judgement when making decisions and act strictly in the best interest of the Company and its shareholders generally and not in the interest of any one shareholder or group of shareholders. Directors are encouraged to be forthright in Board meetings, to question, request information or raise any issue of concern with the Board and management.
- (b) Maintain confidentiality on Board discussions and deliberations. Similarly, all confidential information received by a director in the course of the exercise of his or her duties remains the property of the Company. It is, therefore improper to disclose it or allow it to be disclosed, unless the disclosure has been authorised by the Board or required by law.
- (c) Maintain the independence of the Board by being sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations. In view of this, directors must disclose in writing to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises, and in addition take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty.

### **3.1.4 Role of Independent Directors (“ID”)**

IDs are an integral part of corporate governance in any organization. Since an ID has no conflict of interests in the discharge of his duties, he ought to approach any approval for a transaction or other matter that is being sought at the Board level with a watchful eye and with an inquiring mind. The principal roles of an ID include, amongst others:

- (a) IDs are required to make an independent assessment of the information, reports or statements, having regard to the directors’ knowledge, experience and competence, to provide an independent view and demonstrate objectivity in reviewing and challenging the management’s proposals at meetings.
- (b) IDs are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in Board deliberations.

- (c) IDs act as a channel of communication between Management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

## **3.2 FORMAL SCHEDULE OF MATTERS**

The Board maintains a schedule of matters reserved for its decisions to ensure that the Board and Management are clearly aware of where the limits of responsibility lie and that due consideration is given to issues at the appropriate level.

Some of the schedule of matters for the Board's collective decisions include, but not limited to the followings:

- (a) Strategic issues and planning to promote business sustainability;
- (b) Formulation of policies;
- (c) Implementing a system of risk management and reviewing the adequacy and integrity of internal controls;
- (d) Major investments, mergers, acquisitions and divestures including acquisitions and disposals of assets;
- (e) Financial performance reports;
- (f) Recommendation to Shareholders for the appointment, re-appointment or removal of the External Auditors;
- (g) Establishment of the Board Committees including their terms of reference, reviewing their activities and, where appropriate, ratifying their decisions;
- (h) Limits of Authority including any amendments thereto;
- (i) Related Party Transactions; and
- (j) Significant change in the accounting policies and practices.

## **3.3 APPOINTMENTS, RE-APPOINTMENTS AND RE-ELECTION**

### **3.3.1 Attributes and Composition**

The Nomination Committee has the responsibility of recommending new candidates for appointment as Directors to the Board based on the required mix of skills, expertise, experience and other qualities of individuals concerned.

The Company's Constitution provides that least one-third (1/3) of the Directors, shall retire from office at each Annual General Meeting. Re-appointments are not automatic and all directors shall retire from office at least once in every three (3) years but shall be eligible for re-election by the Shareholders at the Annual General Meeting.

The Directors appointed during the financial year are subject to the re-election by the Shareholders at the forthcoming Annual General Meeting, following their appointments.

There is no maximum tenure fix by the Board for Directors as the Board is of the view that there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's affairs and operations. However, the tenure of an independent director shall not exceed a cumulative term of nine (9) years. In the event the Board intends to retain an independent director beyond nine (9) years, it shall justify the proposal and seek annual shareholders' approval through a two-tier voting process. Upon completion of the twelve (12) years, an independent director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.

Re-appointments and re-elections of Directors are subject to the approval of the Board and the shareholders.

### **3.3.2 Procedure of Appointment**

New Board Members are to be appointed by appropriate recommendation of the Nomination Committee for the Board's consideration and decision of the full Board.

The number of directorships in listed corporations held by any Board Member at any one time shall comply with the listing requirements of the Bursa Securities. The Company Secretary shall be responsible of ensuring all relevant procedures and compliances are fulfilled relating to the appointment of new Directors.

### **3.3.3 New Board Member's Induction**

The Board shall ensure compliance of Bursa Securities mandatory accredited programme for newly appointed directors and assess further training programme needs of the directors on an-on-going basis.

### **3.3.4 Gender Diversity**

The Company does not practice any form of gender biasness as both genders shall be given fair and equal treatment. Any new appointments to the board shall be based on merits instead of fulfilling any gender quotas.

## **3.4 DIRECTORS' TRAINING**

The Directors acknowledges the importance of continuously lifelong learning to further improve themselves in order to adapt with the rapidly changing business environment.

The Directors recognise the needs to attend trainings and continuous education programmes to enable them to discharge their duties effectively with regards to changes in risks, laws and regulations, economic scenario and the industry climate affecting the business.

#### **4. COMPANY SECRETARY**

The Board regularly consults the Company Secretary on procedural and regulatory requirements and the Company Secretary is accountable to the Board as a whole.

Besides having an advisory role to the Board, in relation to the Group's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes, guidelines and legislations, the Company Secretary's roles would include but not limited to the followings:

- (a) advising the Board and its Committees (as established from time to time) on governance matters;
- (b) coordinating the timely completion and dispatch of the Board's and the Committees' Papers;
- (c) ensuring that the businesses resolved at the Board and Committee Meetings are accurately recorded in the Minutes of such meetings; and
- (d) carrying out other duties as deemed appropriate by the Board from time to time.

The Board has unrestricted access to the advice and services of the Company Secretaries, who are considered capable of carrying out the duties to which the post entails.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

#### **5. BOARD COMMITTEES**

The Board has established several committees with specific terms of reference, such as Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee, Employee Share Option Scheme Committee and Corporate Administration and Compliance Committee, to take over certain responsibilities from the Board to enable the Board to discharge their duties and responsibilities effectively:-

- (a) Audit Committee

Audit Committee assists in fulfilling the Board's stewardship accountability to its Shareholders and financial stakeholders. An Audit Committee shall provide assurance to the Board with quality and reliable financial information and are responsible for the accuracy and integrity of the Group's financial reporting.

- (b) Nominating Committee

The Nominating Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.



(c) Remuneration Committee

The Remuneration Committee is primarily responsible for recommending to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms, drawing from outside advice if necessary.

(d) Risk Management Committee

The Risk Management Committee is entrusted with the responsibility of monitoring and reviewing the appropriate risk management framework.

(e) Employee Share Option Scheme Committee

The formation of the Employee Share Option Scheme (“ESOS”) Committee is on an ad-hoc basis. The ESOS Committee manages the policy and administrative of the Employees Share Option Scheme and would be dissolved upon the expired or the termination of an ESOS. The ESOS Committee was administered in accordance with the objectives and regulations set out in the By-Laws make rules and regulations or impose such terms and conditions in such manner as it deems fit and with such powers and duties as are conferred upon by the Board.

(f) Corporate Administration and Compliance Committee

The formation of the Corporate Administration and Compliance Committee (“CACC”) is to assist the Board of Directors and Senior Management to Promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour.

The IDs play a leading role in these Committees except for the ESOS Committee. The details of the membership and a summary of activities in the discharge of each Committee duties for the financial year, are published in the Annual Report.

The Chairmen of these Committees reports to the Board of Directors, on the outcome of the Committee Meetings and such reports will be reported to the Board of Directors at the Board Meetings.

## 6. BOARD MEETINGS

The Board meets minimally four (4) times a year to discuss and consider the salient matters of the Company mainly on strategic decisions, financial performance and management matters. Whenever requires, additional Meetings will be convened by the Board between the scheduled Meetings to resolve the urgent issues.

The Meeting’s agenda, board papers and relevant reports are distributed to the Board Members in advance prior to the Board Meetings to provide the Directors with sufficient time to prepare, research and consider the matters to be deliberated. All the Directors shall notify the Chairman before accepting any new directorships.

All pertinent issues, decisions and conclusions discussed at the Meetings are properly recorded by the Company Secretary by way of Minutes to be confirmed as a true and correct

record by the Chairman of the Meetings upon being reviewed by the Board Members. The Board is satisfied with the level of time commitment offered by each of the Directors in fulfilling their roles and responsibilities as Directors of the Company.

The Directors have to comply with the minimum 50% attendance requirement in respect of attending the Board Meetings as stipulated in the MMLR of Bursa Securities. The Board and Board Committees' Meetings for each of the quarter are being scheduled at the end of each Meeting, to allow the Directors and Members of the Committees to organise and plan their activities ahead to ensure that they are able to attend all Meetings that have been scheduled.

## **7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Chairman, Group CEO, Company Secretary and the Management must ensure that updated information is provided to the Board in a timely fashion to enable the Directors to effectively discharge their duties.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making.

In discharging its role, the Board shall have unrestricted access to:

- (a) all books and records of the Company;
- (b) all staff, including the Company's Managers to seek information and explanations from them; and
- (c) the Company's Auditors, both Internal and External, to seek explanations and information from them without Management being present.

Subject to obtaining the Chairman's consent, a Director of the Company is entitled to seek independent professional advice (including but not limited to legal, financial or accounting advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities. The Chairman must not unreasonably withhold or delay consent.

The Chairman may determine that any advice received by an individual Director will be circulated to the remainder of the Board. The right to advice does not extend to advice concerning matters of a personal or private nature, including, for example, matters relating to the Director's contract of employment with the Company (in the case of an Executive Director) or any dispute between the Director and the Company.

All directors are entitled to the benefit of the Company's standard Deed of Access, Indemnity and Insurance, which provides ongoing access to Board papers and, at the Company's expense, directors and officers insurance.

## 8. DIRECTORS' CODE OF ETHICS

The Board is required to observe the Directors' Code of Ethics as follows :-

- (a) Have a clear understanding of the aims and purpose, capabilities and capacity of the Group;
- (b) At all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;
- (c) At all times act with utmost good faith towards the Group in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his/her duties;
- (d) Devote time and effort to attend Meetings and to know what is required of the Board and each of its Directors, and to discharge those functions;
- (e) Ensure at all times that the Group is properly managed and effectively controlled;
- (f) Stay abreast of the affairs of the company and be kept informed of the company's compliance with the relevant legislation and contractual requirements;
- (g) Have access to the advice and services of the Company Secretary, who is responsible to ensure proper procedures, rules and regulations are complied with;
- (h) At all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Group;
- (i) Willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the company is at stake;
- (j) Disclose immediately all his/her contractual interests whether directly or indirectly with the Group;
- (k) Should neither divert to his own advantage any business opportunity that the company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
- (l) Be conscious of the interest of shareholders, employees, creditors and customers of the Group; and
- (m) Confidential information received by a Director in the course of the exercise of his/her duties as a Director of the Company, remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.

## **9. ADOPTION AND REVIEW OF CHARTER**

The Board will review the Charter every three (3) years or ad hoc basis, when necessary, to ensure that its relevance and to remain consistent with the Board's objectives and responsibilities and in accordance with the needs of the Company and new regulations that may have an impact on the discharge of the Board's responsibilities.

This Charter may be amended from time to time by resolution of the Board. A copy of the Charter is available on the Company's website.

*(Last reviewed on 28 August 2023)*