

BOARD CHARTER

INTRODUCTION

The main objective of the Board Charter is to set out the functions, role, responsibilities and composition of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members discharge its responsibility directly and through Committees.

BOARD COMPOSITION

At least two (2) or one-third (1/3) of the total number of directors on the Board, must be independent directors. The Company's Articles of Association provides for a minimum of two (2) directors and a maximum of twenty (20). Nominees to the Board of Directors shall be selected and recommended by the Nominating Committee to the Board for approval.

As prescribed by the Listing Requirements, at any one time, at least two (2) directors or one-third (1/3), whichever is higher, of the Board members must be independent directors. The Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director. The Board has identified Mr. Goh Tyau Soon as Senior Independent Director of the Company, to whom concern may be conveyed.

The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the independent director may either retire or continue to serve on the Board subject to the director's re-designation as a non-independent director. However, the Board may justify and seek shareholders' approval in the event that it retains an independent director, who has served a cumulative term of nine (9) years as an independent director of the Company.

The Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will review its composition and size from time to time to ensure its appropriateness. A copy of the Board Charter is available on the Company's website at www.ksl.net.my.

APPOINTMENT AND RE-ELECTION

The appointment of a new director is for consideration and decision by the full Board, upon the recommendation from the Nominating Committee.

The new Director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board.

In accordance with the Articles of Association of the Company, all the Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

A Director who is over seventy (70) years of age is subject to yearly re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

INDEPENDENT DIRECTORS

The assessment criteria for independence shall not be limited to the length of service of an independent director but rather particular emphasis is placed on the role of independent directors to facilitate independent and objective decision making in the Company.

ROLE OF THE BOARD

The Board of Directors takes full responsibility for the overall performance of the Company and its Group and its obligations to the Company's shareholders and other stakeholders. The main duties and responsibility of the Board comprise the followings:-

- Setting the objectives, goals and strategic plan for the Company
- Deliberating, approving and monitoring progress of the Company's strategy, budgets, plans and policies
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed
- Retaining an effective Board that consists of competent individuals with appropriate specialized skills and knowledge to lead and control the Company
- Identifying principal and potential risks and ensuring implementation of appropriate systems to manage / mitigate these risks
- Succession planning including appointing, training, fixing the compensation of and where appropriate, replacing any member of Senior Management
- Maintaining an effective system of internal control to safeguard shareholder's investment and Company's assets
- Approving the quarterly results and annual audited financial statements
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance in accordance with the laws, regulations rules, directives and guidelines

- Developing and implementing an investor relations programme or shareholder communications policy for the Company

BOARD COMMITTEES

The Board has four (4) Board Committees with their specific Terms of Reference to assist in the execution of its responsibilities:-

- Audit Committee
- Nominating Committee
- Remuneration Committee
- Risk Management Committee

The Committees shall operate under clearly defined Terms of Reference. Independent and Non-Executive Directors play a leading role in these Committees. The Chairman of the respective committees reports to the Board on the outcome of the committee meetings.

BOARD MEETINGS

The Board shall meet at least four (4) times a year and has a formal schedule of matters reserved for the Board to decide. However, Special Meeting(s) may be convened as required. Notice of meetings and business to be conducted shall be given to members of the Board at least seven (7) days prior to the meeting.

Matters reserved for the Board to decide will include amongst others decision on Group strategic plans, corporate exercises, material acquisition and disposal of assets, investment or divestments, capital expenditure, risk management policies, nomination of auditors and review of the financial statement, financial and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

A full agenda together with the relevant Board papers are circulated to all the Directors which include, amongst others, the following:-

1. the quarterly report highlighting unaudited Group financial results and factors affecting the Group results;
2. minutes of meetings of the Board and all committees of the Board;
3. status of sales performance;
4. management proposals that required Board's approval;
5. list of Directors' circular resolutions passed during the period covered;
6. list of Directors' dealings in securities during the period covered;

7. list of announcements submitted to BMSB during the period covered; and
8. major operational and financial issues.

Unless varied by any terms of reference, meetings and proceedings of the Board will be governed by the Company's Articles of Association.

The Company Secretary shall take minutes of the meetings which shall be reviewed and approved by the Chairman and management before being tabled to the Board at the next meeting.

DIRECTORS' ASSESSMENT / BOARD EVALUATION

The Board recognizes the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance as well as the performance of its Committees on an annual basis.

DIRECTORS' TRAINING

In addition to the mandatory programmes required by the Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate education programmes. The Board will assess the training needs of the Directors and shall disclose in the Annual Report the trainings attended by the Directors.

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors shall have access to all information within the Company whether as a full Board or in their individual capacity, to the extent that the information required is pertinent to the discharge of their duties as Directors.

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties.

FINANCIAL REPORTING

The Company aims to present a clear and fair assessment of the Company's financial position and future prospects in respect of all quarterly results, annual audited financial statements and announcements issued by the Company within the stipulated timeframe.

The Board is assisted by the Audit Committee in scrutinizing information for disclosure to ensure its timeliness, accuracy, adequacy and compliance with the required standards and laws.

The Board ensures that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

THE COMPANY SECRETARY

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board. The Company Secretary has an important role in advisory and assisting the Board and Committees in achieving good corporate governance and ensuring compliance of statutory laws, rules and regulations of the Companies Act, 1965, Main Market Listing Requirements of Bursa Securities, the Securities Commission guidelines and other relevant legislation and regulatory authorities.

In addition, proper maintenance of the Group's statutory records, register books and documents are essential in assisting the Board to achieve the spirit and intent of good corporate governance besides ensuring proper conduct at the Annual General Meetings, Extraordinary General Meetings, Board Committees' Meeting and any other meetings and the preparation of minutes thereat.

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION POLICY

The Board shall ensure timely release of financial results and announcements to provide shareholders with an overview of the Company's performance, corporate exercises and strategies and any other matters affecting the shareholders' interests.

The Board shall maintain appropriate corporate disclosure policies and procedures which are in compliance with the Main Market Listing Requirements of Bursa Securities.

REVIEW OF THE BOARD CHARTER

The Board shall review the said Charter periodically and any amendments/improvements shall be made thereto as and when the Board deems necessary.