



BOARD CHARTER



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DEFINITION

“Board” means the Board of Directors of the Company;

“Board Committees” means committees established by the Board from time to time, including the Audit Committee, Nomination Committee and Remuneration Committee;

“Bursa Malaysia” means Bursa Malaysia Securities Berhad;

“Business” means the business of the Company and all its subsidiaries;

“Chairman” means the Chairman of the Board and is used in a gender-neutral sense;

“Company” means Kejuruteraan Asastera Berhad

“Company Secretary” means the Board Secretary(ies) or the person(s) normally exercising the functions of a Board secretary;

“Directors” means members of the Board;

“Group” means the Company and all its subsidiaries;

“Independent Director” is defined in accordance with Paragraph 1.01 of the Listing Requirements;

“Listing Requirements” means the ACE Market Listing Requirements of Bursa Malaysia;

“Management” means the management personnel of the Group;

“Non-Executive Director” means a director who is independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgement

“Shareholders” means the shareholders of the Company;

“Said Corporation” means related corporation of the Company.

1. PURPOSE OF THE CHARTER

- 1.1. The primary purpose of the Board Charter of the Board of Directors (hereinafter referred to as “the Board”) of Kejuruteraan Asastera Berhad (hereinafter referred to as “**the Company**”) is to outline the structure, responsibilities, rights and procedures of the Board.
- 1.2. The Board Charter is to guide the Directors in discharging their duties and responsibilities as Directors and to establish the accountability of both the Board and management for the benefit of the f the company and its shareholders.
- 1.3. This Board Charter shall form an integral part of each Director’s duties and responsibilities and aims to enhance practices and guidance based on the Malaysian Code of Corporate Governance (“MCCG 2017”), which provides principles and recommendations promoting good corporate governance practices and accountability of companies and their board of directors.

2. ROLE OF THE BOARD AND BOARD RESPONSIBILITIES

- 2.1. The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board will govern and set the strategic direction of the Company while exercising oversight on management. The Board sets the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the company.
- 2.2. Directors will exercise vigilance and professional scepticism in understanding and shaping the strategic direction of the company.
- 2.3. The principal responsibilities of the Board are as follows:
 - i. reviewing and adopting a strategic plan, as developed by Management, taking into account the sustainability of the Company’s business, with attention given to the environmental, social and governance aspects of the business;
 - ii. overseeing the conduct of the Company’s business, including monitoring the performance of Management to determine whether the business is being properly managed;
 - iii. identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
 - iv. succession planning - ensuring that all candidates appointed to senior management positions are of sufficient calibre and that there are programmes to provide for the orderly succession of senior management;
 - v. reviewing the leadership needs of the Company, both executive and non-executive, with a view to ensuring the Company’s continued ability to compete effectively in the marketplace;

- vi. overseeing the development and implementation of a shareholder communication policy;
- vii. reviewing the adequacy and integrity of the Company's management information and internal control systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance; and
- viii. overseeing the Group's adherence to high standards of conduct or ethics and corporate behaviour, including the Code of Ethics for Directors set out in *Appendix A* of this Charter.

2.4 In discharging the above responsibilities, Directors are expected to:

- i. be aware of the environment the Group is operating in;
- ii. exercise diligence and avoid undeclared conflict of interest situations;
- iii. understand their oversight role, including the exercise of independent and objective judgment in decision making;
- iv. commit and devote sufficient time and efforts in discharging their duties responsibly;
- v. contribute actively in Board discussion and deliberation of issues by providing sound advice based on the Directors' experience and specific expertise they bring to the Board; and
- vi. attend regular training programmes in order to be apprised of changes in regulatory requirements the Group is subjected to.

2.5 To ensure the direction and control of the Company are in the hands of the Board, a formal schedule of matters reserved for the Board's deliberation and decision is set out in Section 13 of this Charter.

3. COMPOSITION OF THE BOARD

- 3.1. The Board should have a balance of Executive and Non-Executive Directors such that no individual or a group of individuals can dominate the Board's decision making.
- 3.2. There should be a clearly accepted division of responsibilities at the head of the Company in order to ensure a balance of power and authority, such that no one individual has unfettered powers of decision.
- 3.3. The Board shall comprise of at least 2 Directors, or one third (1/3) to be Independent Directors, whichever is higher, in line with Bursa Securities' ACE Listing Requirements for Independent Directors' representation on the board of listed companies.
- 3.4. The Non-Executive Directors should be persons of calibre, credibility and have the necessary skill and experience to bring an independent judgment to bear on the issues of strategy, performance and resources including key appointments and standards of conduct.
- 3.5. The Board shall exercise judgment in determining what is the appropriate number of Directors which fairly reflects the investment in the Company by shareholders other than the significant shareholder and to examine its size, with a view to determine the impact of the number upon its effectiveness.

- 3.6. On the appointment of new Director, 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.
- 3.7. To ensure that the Directors have time to focus and fulfil their roles and responsibilities effectively, one (1) criteria as agreed by the Board is that they must not hold directorship of more than five (5) public listed companies ("PLC") (as prescribed in Rule 15.06 of Listing Requirements). Directors are also required to notify the Chairman before accepting any new Directorship in other company and / or PLC and to indicate the time expected to be spent on the new appointment.
- 3.8. On boardroom diversity, the Board is supportive of the gender boardroom diversity recommended by MCCG 2017. The Board, through the Nominating Committee will review the proportion of the female and male board members during the annual assessment of the Directors' performance, taking into account the appropriate skills, experience and characteristics required by members of the Board, against the backdrop of the Company's requirements.

4. INDEPENDENT DIRECTOR

- 4.1. An Independent Director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.
- 4.2. Without limiting the generality of the foregoing, an independent director is one who:
 - i. is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as "said Corporation");
 - ii. has not been an officer (except as a non-executive director) of the said Corporation within the last 2 years. For this purpose, "officer" has the meaning given in section 2 of the Companies Act 2016;
 - iii. is not a major shareholder the said Corporation;
 - iv. is not a family member of any executive director, officer or major shareholder of the said Corporation;
 - v. is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
 - vi. has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation; or
 - vii. has not engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities

5. APPOINTMENT AND TENURE OF OFFICE

- 5.1. In accordance with the Company's Articles of Association, one third of the Directors shall retire from office and be eligible for re-election at each AGM and all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.
- 5.2. The Directors shall have the power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not any time exceed the number fixed in accordance with the Company's Articles of Association. Any Director so appointed shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by the rotation at that meeting.
- 5.3. MCCG 2017 recommends that the tenure of Independent Directors should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the said Director's re-designation as a Non-Independent Director.
- 5.4. The Board will, to its best endeavour, comply with the above recommendation.
- 5.5. Non-Executive Directors ("NEDs") will be paid a fee for acting as Directors of the Company, subject to approval by shareholders.

6. REMUNERATION

- 6.1. The remuneration of Executive Directors ("EDs") shall be recommended by the Remuneration Committee with the individual Director concerned abstaining from discussing his individual remuneration. The amount of remuneration payable shall be determined with reference to corporate and individual performance of Directors
- 6.2. The remuneration framework for the Non-Executive Directors is based on experience, degree of responsibilities, and contributions. Non-Executive Directors is paid Director's fees and meeting allowance. Directors' fees are paid within the limits approved by shareholders.
- 6.3. The Board as a whole determines the remuneration of the Executive and Non- Executive Directors.
- 6.4. The individual Director does not participate in decision concerning his/her own remuneration packages.

7. BOARD EFFECTIVENESS EVALUATION (BEE)

- 7.1. The Board has entrusted the Remuneration Committee with the responsibility for carrying out the annual BEE.
- 7.2. The Board's effectiveness is assessed in the areas of composition, administration, accountability and responsibility, conduct, and the performance of the Chairman and CEO. The Board, through the Remuneration Committee reviews the respective directors and CEO to ascertain that their functions and duties are effectively discharged in accordance with their respective Terms of Reference.

- 7.3. 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.
- 7.4. The assessment results from the BEE form the basis of the Nomination Committee'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.

8. CHAIRMAN OF THE BOARD

- 8.1. Key responsibilities of the Chairman include–
- i. providing leadership for the board so that the board can perform its responsibilities effectively;
 - ii. setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
 - iii. leading board meetings and discussions;
 - iv. encouraging active participation and allowing dissenting views to be freely expressed;
 - v. managing the interface between board and management;
 - vi. ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
 - vii. leading the board in establishing and monitoring good corporate governance practices in the company.

9. SEPARATION OF FUNCTIONS BETWEEN THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

- 9.1. The roles of the Chairman and CEO are distinct. The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.
- 9.2. CEO is the highest ranking officer across the Group. He is responsible for the day-to-day business of the Group, within the authorities as delegated by the Board. The primary job tasks for the CEO are as follows:
- i. Strategy development, monitoring and tracking;
 - ii. Business development;
 - iii. Regulation;
 - iv. Performance management;
 - v. Human resources management;
 - vi. Risk management; and
 - vii. Stakeholder management.

10. BOARD COMMITTEES

10.1. The Board may delegate its responsibilities to the Board Committees and Management. However, the respective Committee's authority must be specifically spelt out in their terms of reference. Delegation of authority shall not in any way absorb or discharge the duties and responsibilities of the Board of Directors.

10.2. There shall be an adequate degree of independence and a process or practice in place to allow the Directors to meet and actively exchange views to enable the Board to assess the direction of the Company and the performance of its Board Committees and Management. There shall be transparency and full disclosure from the Committees to the Board. Presently the Board of Directors has formed 4 standing committees:

- i. Audit Committee;
- ii. Nomination Committee;
- iii. Remuneration Committee; and
- iv. Risk Management Committee.

10.3. Audit Committee

10.3.1. The Audit Committee shall consist of not less than three (3) members, all must be Non-Executive directors, with a majority of them being Independent Directors.

10.3.2. The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee.

10.4. Nomination Committee

10.4.1. The Nomination Committee shall comprise exclusively of Non-Executive Directors. The Nomination Committee is set up to propose new nominees for the Board and to evaluate each individual Director on an on-going basis. The Nomination Committee also seeks to ensure an optimal mix of qualification, skill and experience among the Board members.

10.5. Remuneration Committee

10.5.1. The Remuneration Committee shall comprise a majority of Independent Non-Executive Directors.

10.5.2. The Remuneration Committee is responsible to recommend to the Board the framework and quantum values for the Executive Directors' as well as senior management's remuneration package, terms of employments, reward structure and perks.

10.5.3. In general, the remuneration is structured so as to link rewards to corporate and individual performance as in the case of the Executive Directors and senior management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the Director concerned.

10.6. Risk Management Committee

- 10.6.1. The Risk Management Committee is made up of Board members, and senior management (on invitation by the Committee, and approved by the Chairman of the Board).
- 10.6.2. The Risk Management Committee is responsible to highlight key risks affecting the Group (in particular, risks at Group level) to the Board.

11. INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATION

- 11.1. The Board shall maintain a communications policy that enables both the Board and Management to communicate effectively with the Company's shareholders, stakeholders and the general public.
- 11.2. The Board shall arrange for the General Meetings of the Company to be conducted in an efficient manner to enhance shareholder communications. The Board shall also provide timely and relevant information to shareholders and encourage their active participation at the meetings, taking into account the following measures:
- 11.3. ensure that each item of business included in the notice of meeting is accompanied by a full explanation of the effects of the proposed resolution;
- 11.4. ensure that a brief description, including information such as age, relevant experience, list of directorships, date of appointments to the Board, details of participation at Board Committees and designation of Directors (Independent or Non-Independent), in respect of the Directors standing for re-election or re-appointment, is disclosed in the Annual Report;
- 11.5. the Chairman shall provide reasonable time for discussion at the meeting. Where appropriate, the Chairman will undertake to provide the shareholder with a written response to any significant question which cannot be answered immediately; and
- 11.6. consider the need for substantive resolutions, including, but not limited to, related party transactions to receive specific shareholder approval by way of poll and announce the detailed results of the votes cast for and against each resolution. The Chairman shall also inform shareholders of their right to demand a poll vote at the commencement of the General Meeting subject to Company's Articles of Association.

12. BOARD PROCEDURES**12.1. Board Meetings**

- 12.1.1. Meetings shall be conducted at least on a quarterly basis. The Company has scheduled four quarterly meetings a year. The Company Secretary(ies) shall prepare and distribute to all Directors in advance a timetable for the meetings for the year. The Company Secretary(ies) shall work together with the Chairman in developing the meeting agenda.

- 12.1.2. Except for cases of emergencies, seven (7) days notice of every Board meeting will be provided in writing. In addition to notices sent through post or by hand, notices may also be sent via facsimile, electronic mail or by any means of telecommunication in a permanent written form.
- 12.1.3. The Chairman of the Board - or in his absence, a Director from amongst the Board members appointed - shall preside at all meetings.
- 12.1.4. Board members are required to attend Board meetings. However, other senior officers may be invited to attend meetings for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises. Resolutions at any meeting of the Directors shall be decided by a majority of votes.
- 12.1.5. Resolutions of the Directors at a meeting or adjourned meeting of the Directors shall be adopted by a majority of votes of all Directors present. In the event matters requiring Board's decision arise between meetings, such matters shall be resolved through circular resolution which shall be supported by relevant papers setting out details of the subject matter. The Board members may obtain more information from Management and express their view points by facsimile, electronic mail or any other means of telecommunication before arriving at a decision on the subject matter. All such resolutions shall be submitted for confirmation or ratification at a meeting of the Board following the passing of the circular resolutions.
- 12.1.6. The Directors may participate at a meeting of the Directors by means of telephone and video conference or by other means of communication. The physical presence of Director(s) is not compulsory and participation at the meeting in the aforesaid manner shall be deemed to constitute presence in person at such meeting. The Directors participating at any such meeting shall be counted in the quorum for such meeting. All resolutions agreed upon by the Directors at such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at, or during the meeting.
- 12.1.7. Pursuant to regulatory requirements, a Director shall abstain from deliberation and voting on contracts or proposed contracts or arrangements in which the Director has direct and/or indirect interests.

12.2. **Agenda**

- 12.2.1. The Chairman, in conjunction with the Company Secretary, shall assess the type of information needed to be supplied to the Board and the contents of the agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.

12.3. Meeting papers

- 12.3.1. To allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/or recommendations is prepared.
- 12.3.2. Minutes are prepared following a Board meeting. The draft minutes shall be tabled at the following meeting for confirmation and signing.

12.4. Access to information

- 12.4.1. All Directors shall have unrestricted access to Management and to information pertaining to the Company and its subsidiaries, including access to the Company auditors and consultants, relevant to the furtherance of their duties and responsibilities as Directors of the Company.

12.5. Independent professional advice

- 12.5.1. In discharging the Directors' duties, each member of the Board is entitled to obtain independent professional advice with the cost thereof borne by the Company.
- 12.5.2. Where such advice is considered necessary for the discharge of his duties and responsibilities as Director and, for the benefit of the Company, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.

12.6. Directors' training

- 12.6.1. Directors are required to undergo the mandatory accreditation programme under the auspices of Bursa Malaysia. In addition, Directors are required to attend relevant training courses or seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as technical matters, for example, financial reporting standards, tax budgets, etc. The Nomination Committee shall decide on the continuous education training programme for Directors.
- 12.6.2. All trainings attended by Directors shall be disclosed in the Annual Report. In special circumstances, valid justifications for non-attendance at any training by Directors for the financial year shall also be disclosed.

13. FORMAL SCHEDULE OF MATTERS FOR THE BOARD'S DECISION

- 13.1. The Board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company is firmly in its hands. This serves as a safeguard against misjudgements and possible acts deemed ultra vires, and contrary to the Company's or shareholders'. The schedule is updated regularly and shall include the following:
- i. Acquisitions and disposals of businesses of the Company or its subsidiaries;
 - ii. Acquisition and disposal of assets and / or investment which exceeds 5% of the Company's net asset;
 - iii. Material capital expenditure and / or investment which exceeds 5% of the Company's net asset;
 - iv. Determining level of authority;
 - v. Determining treasury policies;
 - vi. Determining risk management policies;
 - vii. Related Party Transactions;
 - viii. Material Agreements that are not in the normal course of business;
 - ix. Funding and Financing;
 - x. Approving of quarterly financial results, public announcements, press releases and financial statements;
 - xi. Adoption of new/change in accounting policy;
 - xii. Proposal to increase / decrease capital;
 - xiii. Proposal to amend Memorandum and Articles of Association;
 - xiv. Convening of general meetings;
 - xv. Material litigation that is not in the ordinary course of business;
 - xvi. Appointment and resignation of Director;
 - xvii. Appointment and resignation of Principal Officer of the Company e.g. Company Secretary and Chief Financial Officer;
 - xviii. Circulars to shareholders;
 - xix. Adopting or amending the Terms of Reference/by-law of the respective Board Committees;
 - xx. Recommending dividends; and
 - xxi. Recommending Director's fees;

14. COMPANY SECRETARY

- 14.1. The Company Secretary shall be a person who is qualified pursuant to Section 235(2) of the Companies Act, 2016 and competent in carrying his/her duties. The appointment and removal of the Company Secretary shall be decided by the Board of Directors.
- 14.2. The roles and responsibilities of a Company Secretary include, but are not limited to the following:
- i. Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
 - ii. Ensure statutory records are kept and maintained in a proper manner, in compliance with all applicable laws and regulatory guidelines;
 - iii. Advise the board on its roles and responsibilities;
 - iv. Facilitate the orientation of new directors and assist in director training and development;



- v. Advise the board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- vi. Manage processes pertaining to the annual shareholder meeting;
- vii. Monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and
- viii. Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

15. REVIEW OF BOARD CHARTER

- 15.1. The Board Charter shall be reviewed annually or on an ad hoc basis by the Board, and amended and/or updated as and when necessary.