

**BOON KOON GROUP BERHAD
(553434-U)**

BOARD CHARTER

BOARD CHARTER

TABLE OF CONTENTS		Page No.
1.	INTRODUCTION	1
2.	OBJECTIVE	1
3.	ROLES AND RESPONSIBILITIES	1
3.1	ROLE OF BOARD	1
3.2	ROLE OF INDIVIDUAL DIRECTORS	2
3.3	ROLE OF INDEPENDENT DIRECTORS	3
3.4	ROLE OF CHAIRMAN	3
3.5	ROLE OF GROUP CHIEF EXECUTIVE OFFICER	4
3.6	ROLE OF COMMITTEES	4
3.6.1	Audit Committee	4
3.6.2	Nomination Committee	4
3.6.3	Remuneration Committee	5
4.	BOARD MEMBERSHIP GUIDELINES	5
4.1	Size and Composition	5
4.2	Board balance	5
4.3	Nomination and Appointments	6
4.4	Re-election	6
4.5	Tenure of Independent Director	6
4.6	Time commitment for accepting new directorships	7
5.	PERFORMANCE	7
5.1	Directors' Assessment / Board Evaluation	7
5.2	Directors' Training and Development	7
6.	MEETINGS	7
6.1	Board Meetings	7
6.2	Conduct of Board Meetings	8
6.3	Quorum of meetings	8
7.	ACCESS TO INFORMATION AND INDEPENDENT ADVICE	8
8.	COMPANY SECRETARY	9
9.	CONFLICTS OF INTERESTS	9
10.	REVIEW	10

1. INTRODUCTION

The Board of Directors (“Board”) of Boon Koon Group Berhad (“BKG” or “the Company”) recognises Corporate Governance as being vital and important to the success of BKG and its Group of Companies’ (“Group”) businesses and is committed to applying the principles necessary to ensure that the principles of good governance are practised in all of its business dealings in respect of its shareholders and relevant stakeholders.

The Board is the focal point of the Company’s Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company and is also committed to achieving the highest standards of business integrity, ethics and professionalism across the BKG Group’s activities.

2. OBJECTIVE

The primarily objective of the Board Charter is to set out the roles and responsibilities of the Board of Directors and various Board Committees of the Company as well as the composition and processes related to key governance activities.

3. ROLES AND RESPONSIBILITIES

3.1 ROLES OF BOARD

- i. The Board has the following major responsibilities, which facilitate the discharge of the Board’s stewardship in the pursuit of the best interest of the Company:-
 - a) Reviewing, approving and monitoring the overall strategies and direction of Group;
 - b) Overseeing and evaluating the conduct and performance of the Group’s businesses;
 - c) Identifying the principal risks and implementing appropriate system to manage such risks;
 - d) Reviewing the adequacy of the Group’s internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - e) Ensuring that appropriate plans are in place in respect of the succession plan of the Group, including appointing, training, fixing compensation of and where appropriate, replacing senior management.

- ii. In addition, the following are matters reserved for the decision of the Board:-
 - a) Approval of business strategy and group operational plan and annual budget;
 - b) Acquisition and disposal of assets of the Company or its subsidiaries that are material in nature;
 - c) Approval of investment or divestment in a company / business / property / undertaking;
 - d) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities;
 - e) Any other significant business direction;
 - f) Corporate proposal on fund raising;
 - g) Compensation and remuneration of directors and key senior officers;
 - h) Approval of the Limits of Authority for the Company;
 - i) Approval on change in the composition of Board and Board Committees;
 - j) Approval of terms of reference of board committees and amendments to such terms;
 - k) Approval of interim and annual financial statements;
 - l) Approval of interim dividends, the recommendation of final dividends and the making of any other distribution;
 - m) The entering into any indemnities or guarantees;
 - n) Recommendation for the alteration of the Memorandum and Articles of Association of the Company;
 - o) Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders;
 - p) Any other matters requiring the Board's approval;
 - q) Any other matters as may be required by the laws or the governing authorities.

3.2 ROLES OF INDIVIDUAL DIRECTORS

- i. Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:
 - a) acting in good faith and in the best interests of the Company as a whole;
 - b) acting with care and diligence and for proper purpose;
 - c) avoiding conflicts of interest with the Company in a personal or professional capacity;
 - d) refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.
 - e) Commit the time necessary in discharge their duties as a director.
- ii. Directors will keep all information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their interest, or their employers' interest.

3.3 ROLES OF INDEPENDENT DIRECTORS

- i. The independent directors are independent from Management and have no relationships that could interfere with the exercise of their independent judgement. They play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The responsibilities include the following:-
 - a) To protect the interest of minority shareholders, stakeholders and the general public;
 - b) To enhance the independence and objectivity of the Board's deliberation from the executive arms;
 - c) To mitigate any possible conflict of interests between the policy-making and the day-to-day management;
 - d) To constructively challenge and contribute to the development of strategies;
 - e) To ensure that the Board uses adequate systems and controls to safeguard the interest of the Company;
 - f) To provide the check and balance function to the Board.

3.4 ROLES OF CHAIRMAN

- i. The Chairman leads the Board and is responsible for the effective performance of the Board.
- ii. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:
 - a) Oversee and lead the Board to ensure effective performance of the Board;
 - b) Ensures orderly conduct and proceedings of the Board and general meetings and is responsible for managing the business of the Board to ensure that:
 - All Directors are properly briefed on issues arising at Board meetings.
 - Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.
 - Relevant issues are included in the agenda of Board meetings
 - All Directors are actively participate in the Board's discussion
 - All Directors receive the accurate, timely and clear information
 - No Board members (whether executive or non-executive) dominates the discussion.
 - c) Ensuring compliance with all relevant regulations and legislation.
- iii. Should the Chairman be absent from a meeting, the members of the Board present at the meeting, may choose one of their number to chair the said meeting.

3.5 ROLES OF GROUP CHIEF EXECUTIVE OFFICER (“CEO”)

- i. The roles and responsibilities of the CEO are as follows:-
 - a) Overseeing the day-to-day operations and management to ensure the smooth and effective running of the Group.
 - b) Responsible for the development and implementation of the strategies, objectives, strategic policy and direction of the Group and to keep the Board informed of any deviation.
 - c) Responsible for overall system of control is in place for the Company.
 - d) To monitor closely operating financial results in accordance with plans and budgets.
 - e) To ensure an effective and motivated management team and its succession planning.

3.6 ROLES OF COMMITTEES

The Board appoints the following Board Committees with specific Terms of Reference to assist the Board in performing its duties and discharging its responsibilities more efficiently and effectively:

Audit Committee
Nomination Committee
Remuneration Committee

3.6.1 Audit Committee

- i. The Audit Committee shall be appointed by the Board from amongst the Directors of the Company, a majority of whom must be Independent Non-Executive Directors.
- ii. The Audit Committee will elect an Independent Director from amongst them as its Chairman.
- iii. The Audit Committee will meet not less than four times a year to carry out its functions on a Terms of Reference approved by the Board.
- iv. The Board will review the performance of the Audit Committee once in every three (3) years.

3.6.2 Nomination Committee

- i. The Nomination Committee shall be made up of at least three (3) members composed exclusively of non-executive Directors, a majority of whom are independent non-executive Directors.

- ii. The Nomination Committee shall elect an Independent Director from amongst them as its Chairman.
- iii. The Nomination Committee will at least meet once a year to assess the effectiveness of the Board and the contribution of individual directors and determines the training needs of directors. The Nomination Committee functions on a Terms of Reference approved by the Board.

3.6.3 Remuneration Committee

- i. The Remuneration Committee shall made up of at least three (3) members, consisting wholly or mainly of non-executive directors.
- ii. The Remuneration Committee will elect an Independent Non-Executive Director from amongst them as its Chairman.
- iii. The Remuneration Committee will meet at least once a year to review the remuneration packages of the directors, key senior officers of the Company. The Remuneration Committee functions on a Terms of Reference approved by the Board.

4. BOARD MEMBERSHIP GUIDELINES

4.1 Size and Composition

- i. To ensure the composition of the Board make up of directors including at least 2 directors or one third of independent directors in compliance with Listing Requirements of Bursa Malaysia Securities Berhad.
- ii. Pursuant to the Articles of Association of the Company, the number of Directors shall not be less than two (2). In the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing Directors or Director may act for the purpose of filing up such vacancy or vacancies or of summoning a general meeting of the Company. No one other than a natural person shall be a Director of the Company.

4.2 Board Balance

- ii. The Board is a balanced board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.
- iii. The Independent Non-Executive Directors are to provide an unbiased and independent view, advice and judgement to take into account the interest, not only the Group but also of shareholders, employees and communities in which the Group conducts business.

4.3 Nomination and Appointments

- i. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- ii. The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- iii. Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
- iv. The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.
- v. The Company has adopted educational / training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

4.4 Re-election

- i. One-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office and be eligible for re-election. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

4.5 Tenure of Independent Director

- i. The tenure of an Independent Director shall not exceed a cumulative term of nine years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval.
- ii. The Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years.

4.6 Time commitment of for accepting new directorships

- i. Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company. Any Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

5. PERFORMANCE

5.1 Directors' Assessment / Board Evaluation

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

5.2 Directors' Training and Development

- i. In addition to the mandatory programmes as required by the Bursa Malaysia Securities Berhad, Board members are encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the Annual Report the trainings attended by the Directors.

6. MEETINGS

6.1 Board meetings

- i. The Board is to meet at least four times a year with additional meetings convened as and when necessary. At each scheduled meeting, the Board shall consider, include amongst others, the following:
 - a) Quarterly financial report and report on the Company's Financial Analysis and Debtors Ageing Report;
 - b) Minutes of meetings of all Committees of the Board;
 - c) A current review of the operations of the Company;
 - d) Reports on Related Party Transactions and Recurrent Related Party Transactions (if any);
 - e) Directors' share-dealings; and

- f) Announcements made to Bursa Malaysia Securities Berhad.
- ii. Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.
- iii. The Board may also exercise control on matters that require Board's approval through Directors' Circular Resolutions.

6.2 Conduct of Board Meetings

- i. Board meetings should be conducted in orderly manner where all Directors are encouraged to participate in the discussions. All decisions of the Board are based on majority decision and no individual Board member can make any decision on behalf of the Board, unless duly authorised by the Board.

The Chairman, assisted by the Company Secretary, should monitor technical matters which include the matters states in item 3.5(ii)(b) above.

6.3 Quorum of meetings

The quorum shall not be less than two.

7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

- i. Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfill their responsibilities and permit independent judgment in decision making.
- ii. Directors will be entitled to:
 - a) unrestricted access to all information pertaining to the Group's business and affairs;
 - b) access to members of the senior management via the CEO at any time to request relevant and additional information or seek explanations;
 - c) have access to internal and external auditors, without management present to seek explanations or additional information; and
 - d) seek independent professional advice at the Group's expense, to advise them on specialised issues for the purpose of decision-making or in furtherance of their duties.

8. COMPANY SECRETARY

- i. The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- ii. The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- iii. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- iv. The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
 - a) disclosure of interest in securities
 - b) disclosure of any conflict of interest in a transaction involving the Company
 - c) prohibition on dealing in securities
 - d) restriction on disclosure of price-sensitive information.
- v. The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- vi. The Board members have unlimited access to the professional advice and services of the Company Secretary.

9. CONFLICTS OF INTERESTS

- i. Directors must:
 - a) disclose to the Board (through the Secretary and/or Chairman) any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
 - b) take any necessary and reasonable measures to try to resolve the conflict; and
 - c) comply with the Companies Act, 1965 provisions on disclosing interests and restrictions on voting.
- ii. If a conflict or potential conflict situation exists, it is required that the conflicted Director shall be abstained from voting. A Director, notwithstanding his interest may, provided non of the other Directors present disagree, be counted in the quorum present at the said Board meeting.

- iii. Directors are expected to advise the Company Secretary of any proposed Board or executive appointment to other companies as soon as practicable.

10. REVIEW

- i. The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.