



SINKUNG
World Without Boundaries

BOARD CHARTER

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Sin-Kung Logistics Berhad
Company Registration No. 199401035432 (321115-P)
Incorporated in Malaysia

Name of policy: Sin-Kung Group of Companies - Board Charter
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1. INTRODUCTION

- 1.1. The Board of Directors of Sin-Kung Logistics Berhad (the “**Company**”) (the “**Board**”) regards corporate governance as vitally important to the success of the Company and its subsidiaries (the “**Group**”) business and are unreservedly committed in ensuring that the following principles of good governance are practiced
- 1.2. in all of its business dealings in respect of its shareholders and relevant stakeholders:
 - (a) The Board is the focal point of the Group’s corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Group.
 - (b) All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
 - (c) All Board members are responsible in ensuring the Group achieves a high level of good governance.
 - (d) This Board Charter shall constitute, and form, an integral part of each Director’s duties and responsibilities.
- 1.3. The Board Charter serves as a reference point for Board activities and should not be construed as a blueprint for Board operations. Just as each organization has its own corporate culture, the dynamics of each Board is unique. The dynamics shift as the composition of the Board changes, and the Directors of the Company should always be open to new opportunities and ready to confront new challenges brought about by change.
- 1.4. This Board Charter is to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board’s operating practices. This Board Charter does not overrule or pre-empt the statutory requirements of Directors enshrined in the Companies Act 2016 (“**CA**”), the Income Tax Act, 1967 and other relevant statutes, including the conduct of the Board as stipulated in the constitution of the Company. To the extent of any conflict between the terms of this Board Charter and the Constitution, the Constitution prevails.

2. OBJECTIVE

- 2.1. The objectives of this Board Charter are to ensure that all Board members are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of, the Group.

- 2.2. In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognized standards of best practices locally and internationally.

3. COMPOSITION OF THE BOARD

- 3.1. The Board shall be of a size and composition with the benefit of diversity in perspectives and skills to understand properly and deal with the current and emerging issues of the business of the Company.
- 3.2. The Board shall comprise at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.
- 3.3. If the Chairman of the Board ("**Chairman**") is not an Independent Director, the Board shall comprise a majority (more than half) of Independent Directors.
- 3.4. The appointment of a new member to the Board is only made after consultation with the Nomination and Remuneration Committee.
- 3.5. The Board recognizes the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman and the Managing Director ("**MD**") separate.
- 3.6. A Director shall inform the Board's Chairman before he/she accepts any new directorships in other Public Listed Companies.
- 3.7. The Board shall obtain time commitment from newly appointed Directors at the time of appointment.
- 3.8. The Board may appoint a Senior Independent Director who serves as the point of contact between the Independent Directors and the Chairman on sensitive issues, ensure all Independent Directors have an opportunity to provide input on the agenda and ensure the Independent Directors can discharge their duties responsibly and with sufficient time for discussion of all agenda items.
- 3.9. The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. The Board may re-appoint the independent director who has served nine (9) years in the past provided such person has observed the requisite 3-year cooling-off period, as well as satisfies all the independence criteria as mentioned in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").
- 3.10. Pursuant to paragraph 15.02(b) of Listing Requirements, the Board must have a woman director.

4. ROLE OF THE BOARD

- 4.1. The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in good faith, to use reasonable care, skill and diligence and to act in the best interest of the Group. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Group are managed. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.
- 4.2. The Board is fully committed to developing and maintaining high standards of corporate governance by implementing the prescriptions of the principles and best practices stated in the Malaysian Code on Corporate Governance ("MCCG"). Good governance holds management accountable to the Board and the Board accountable to the owners and other stakeholders. The Board's fundamental approach in this regard is to ensure that the right executive leadership, strategy and internal controls for risk management are well in place. The Board includes a narrative statement in its Company's annual report on the extent of compliance with the principles and best practices set out in the MCCG pursuant to Paragraph 15.25 of the Listing Requirements.
- 4.3. The Board ensures that the Company complies with the various guidelines issued by Bursa Securities and the Securities Commission Malaysia ("SC") relating to disclosure and internal audit functions.
- 4.4. Duties of the Board include establishing the corporate vision and mission of the Company, establishing its objectives and developing the strategies that direct the ongoing activities of the Company to achieve these objectives as well as the philosophy of the Company, setting the aims of Management and monitoring the performance of Management. The Board shall also determine the future of the Company and shall protect its assets and reputation.
- 4.5. The Board assumes the following specific duties and responsibilities:
 - (a) reviewing and approving the overall strategic plans and direction of the Group including updating regularly and monitoring management's performance in its implementation;
 - (b) overseeing and evaluating the conduct and performance of the Group and considering emerging issues which may be material to the business and affairs of our Company;
 - (c) identifying the Group's principal risks and establishing, reviewing, monitoring and ensuring implementation of a proper risk management system, policies, processes and infrastructure;
 - (d) establishing procedures to identify, assess, evaluate and approve any related party transactions or conflict of interest situations that may arise within our Group;

- (e) establishing a succession plan;
- (f) reviewing and approving the financial reports and Audit Committee report at the end of each financial year;
- (g) overseeing the development and implementation of a shareholder communication policy for the Company to ensure appropriate disclosure and effective communication are delivered on a timely manner; and
- (h) reviewing the adequacy and the integrity of the management information and internal controls system of our Company, including systems for compliance with applicable laws and regulations, accounting standards and guidelines such as Listing Requirement, Capital Markets and Services Act 2007 and the CA.

4.6. The Board reserves full decision-making powers on the following matters:

- (a) Conflict of interest issues relating to substantial shareholders or Directors including approving related party transactions;
- (b) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- (c) Strategic investments, mergers and acquisitions and corporate exercises;
- (d) Setting or variation of the authority level of Group Managing Director;
- (e) Approving of treasury policies and bank mandate- financing and borrowing;
- (f) Ongoing review of performance against business strategy and group operational plan, including monitoring of key risks and risk management policies and actions; and
- (g) Approval of appointment of key human resources, remuneration structure and policy based upon recommendation of the Nomination and Remuneration Committee.

5. ROLE OF THE CHAIRMAN

5.1. The Chairman is primarily responsible for:

- (a) Leading the Board in the oversight of management;
- (b) Setting the Board agenda and ensuring that the Board receives 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 and discussed;

- (e) Managing the interface between Board and management;
- (f) Representing the Board to shareholders and chairing general meeting of shareholders;
- (g) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;
- (h) Maintaining regular dialogue with the MD over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;
- (i) Ensuring that Executive Directors look beyond their executive function and accept their share of responsibilities in governance;
- (j) Guiding and mediating Board actions with respect to organizational priorities and governance concerns; Undertaking the primary responsibility for organizing information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- (k) Performing other responsibilities assigned by the Board from time to time.

6. ROLE OF THE MD

6.1. The position of the MD in essence is to ensure the effective implementation of the Group's business plans and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation.

6.2. The MD is responsible for the following:

- (a) Executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance and the analysis of management reports;
- (b) Set, review and ensure compliance with the Company's value;
- (c) To supervise Management and/ or head of departments who are responsible for all functions contributing to the success of the Group;
- (d) Effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy;
- (e) Ensures that the Group's Financial Reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
- (f) Assures the Group's corporate identity, products and services are of high standards and are reflective of the market environment;

- (g) Be the official spokesperson for the Company and responsible for regulatory, governmental and business relationships;
- (h) Ensures compliance with governmental procedures and regulations;
- (i) Assists the Chairman in organizing information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.

7. ROLE OF INDEPENDENT DIRECTORS

7.1. Independent Directors are those who have no direct or indirect pecuniary interest in the Group other than the remuneration for their services as members of the Board and Board Committees of the Group, as defined under Rule 1.01 of the Listing Requirements.

7.2. The role of Independent Directors is to constructively challenge and help develop proposals on strategy include, inter alia:

- (a) To make independent assessment of the information, reports or statements, having regard to the Directors' knowledge, experience and competence, to provide independent view and demonstrate objectivity in reviewing and challenging the management's proposals at meetings;
- (b) To improve corporate credibility and governance standards, functioning as a watchdog and make significant contributions to the Company's decision making; and
- (c) To 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.

8. ROLE OF SENIOR INDEPENDENT DIRECTOR

8.1. The role of the Senior Independent Director includes, amongst others:

- (a) Act as a sound Board for the Chairman;
- (b) Ensure all Independent Directors have the opportunity to give input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by management that is necessary or appropriate for the Independent Directors to perform their duties effectively;
- (c) Consult the Chairman regarding Board meeting schedules to ensure the Independent Directors can discharge their duties responsibly and with sufficient time for discussion of all agenda items;
- (d) Serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues; and

- (e) Serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or MD.

9. BOARD PROCESS

9.1. Board Meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions.

9.2. Frequency

- (a) The Board shall meet regularly, at least on a quarterly basis. In addition to the quarterly meetings, Special Board meetings shall be convened as and when required to consider urgent matters that require the Board's expeditious review and consideration. Prior notice of meetings will be given to all who are required to attend the meetings.
- (b) The Board is required to attend the Board meetings and attendance of each individual Director in the meetings held in a financial year is required to be disclosed in the Annual Report.
- (c) Directors who are unable to attend shall advise the Company Secretary who shall keep a record of attendance of Directors at board meetings. Directors are fully cognizant of the requirement to attend more than 50% of the board meetings held in each financial year, failing which his office shall become vacant.

9.3. Agenda

- (a) The notice of a Directors' meeting together with the relevant Board papers shall be given in writing at least seven (7) days prior to the meeting. In the case of an emergency, the majority of the Board may waive notice of any meeting and any such waiver may be retroactive.
- (b) 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.

9.4. Access to information and Independent Professional Advice

- (a) All Directors (Executive and Non-Executive) have the same right of access to all information within the Group whether as a full Board or in their individual capacity, in furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such request.

- (b) All Directors shall have access to the advice and services of the Company Secretary. The Board shall recognize that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.
- (c) The full Board or in their individual capacity, in furtherance of their duties, shall be able to obtain an independent professional advice at the Company's expenses.
- (d) The Board should be informed of the decision and significant issues deliberated by the Board Committees via reporting by the Chairman of the respective Board Committees and the minutes of the Board Committees tabled at the Board meetings.
- (e) Proceedings of all meetings are minuted and signed by the Chairman of the meeting. Minutes of all Board meetings are circulated to the Directors and approved by the Board at the subsequent meeting.
- (f) All board members shall ensure that the minutes of board meeting accurately reflect the deliberations and decision of the Board, including any concerns raised by Directors or dissenting views express. Any directors who abstained from voting or deliberation on particular matter will be recorded in the minutes.
- (g) Minutes of the Board meeting shall be distributed to Board members within 4 weeks after the meeting. The minutes shall be tabled at the following Board meeting for confirmation and thereafter for signing by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next meeting.

9.5. Directors' Training

The Directors shall be regularly updated by the Company Secretary, the External Auditors or the Internal Auditors on new statutory, corporate and regulatory development relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

The Board should on continuing basis evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

10. COMPANY SECRETARY

- 10.1. The Company Secretary shall be suitably qualified, competent and capable of carrying out the duties required of the post.

10.2. The key role of the Company Secretary shall include:

- (a) Provide unhindered advice and services for the Directors, as and when the need arises;
- (b) Enhance the effective functioning of the Board;
- (c) Ensure regulatory compliance;
- (d) Preparing agendas and coordinating the preparation of the Board papers in a timely and effective manner;
- (e) Ensure that the Board procedures and applicable rules are observed;
- (f) Maintaining records of the Board and ensure effective management of organization's records;
- (g) Preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
- (h) Assisting the communications between the Board and management;
- (i) Facilitate the orientation of new directors and assist in Directors' training and development;
- (j) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues; and
- (k) Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.

11. BOARD COMMITTEES

11.1. The Board reserves the right to establish Board Committees from time to time in the discharge of its duties and responsibilities and to support the Board in carrying out its functions.

11.2. Where a Board Committee is formed, a specific term of reference of the Board Committee would be established to serve as guidance note which covers matters such as the purpose, composition and functions of the Committee. Such terms of references (TORS) will be assessed and reviewed as and when necessary to ensure the TORs are in accordance to the MCCG and Listing Requirements.

11.3. A number of standing Board Committees with written terms of reference has been established as follows:

(a) Audit and Risk Management Committee

The Audit and Risk Management Committee assists in providing oversight on the Group's financial reporting, disclosure, regulatory compliance and monitoring of internal control processes within the Group. The Committee reviews the quarterly financial results, unaudited and audited financial statements, internal and external audit reports as well as related party transactions.

The Committee also assists in evaluating the Group's level of risk tolerance, assess and monitor risks, review the Group's internal controls system and engage with management to periodically test the adequacy and effectiveness of the risk management and internal control system.

(b) Nomination and Remuneration Committee

The Nomination and Remuneration 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.

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

12. BOARD'S RELATIONSHIP WITH SHAREHOLDERS AND STAKEHOLDERS

12.1. The Board shall maintain an effective communications policy that enables both the Board and management to communicate effectively with its shareholders, stakeholders and the general public.

12.2. The Board has to ensure that the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") of the Company are conducted in an efficient matter and serves as a crucial mechanism in shareholder communications. Key ingredients behind this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the AGM.

12.3. The Board will focus its efforts on the following best practices to enhance the effectiveness of the general meeting.

12.4. Reports made in good faith, either anonymously or otherwise, would be addressed in a timely manner and without incurring fear of reprisal regardless of the outcome of any investigation.

- (a) Ensure that each item of special business included in the notice to be accompanied by a full explanation of the effects of the proposed resolution;

- (b) Encourage poll voting on substantive resolution and make an announcement of the detailed results showing the number of votes cast for and against each resolution;
 - (c) Ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate and if required, the Chairman will also undertake to provide written answer to any significant question which cannot be answered immediately; and
 - (d) Conduct a business presentation with a question-and-answer session, where appropriate and if required.
- 12.5. The MD shall take responsibility for addressing queries from shareholders, stakeholders and analysts.

13. INDUCTION PROCESS

- 13.1. Induction of newly appointed Directors may include, but not limited to, the following:
- (a) Furnishing of a copy of the previous Board minutes for at least the past six (6) months; the Business/strategic plan, pertinent management reports; profile of key competitors and significant reports by management consultants on areas of Board responsibilities;
 - (b) Visits to key sites; and
 - (c) A formal one (1) to two (2) days' induction programme, including the elements above, and also presentations from various divisions on their strengths, weaknesses and ambitions.

14. REPRESENTATION OF THE COMPANY

- 14.1. The Board appoints the MD to speak on behalf of the Group to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements.

15. MONITORING, PERIODIC REVIEW AND DISCLOSURE

- 15.1. This Board Charter should be reviewed annually and may be amended by the Board as it deems appropriate.
- 15.2. This Board Charter should be disclosed on the Company's website.

END.