



SKYWORLD DEVELOPMENT BERHAD
Registration No. 200601034211 (753970-X)

Board Charter

1. Interpretation

The following definitions shall apply throughout this Board Charter:-

AGM	Annual General Meeting
ARMC	Audit & Risk Management Committee
Board	The Board of Directors of the Company
Board Committees	Committees established by the Board from time to time, including the ARMC and NRC
Business	The business of the Company and all its subsidiaries
CEO	Chief Executive Officer
Chairman	The Chairman of the Board and is used in a gender-neutral sense
CMSA	Capital Markets and Services Act 2007
Companies Act	Companies Act 2016
Company or SkyWorld	SkyWorld Development Berhad
Group	The Company and all its subsidiaries
ID	Independent director as defined under Paragraph 1.01 of the Listing Requirements
Listing Requirements	Main Market Listing Requirements of Bursa Malaysia Securities Berhad
MCCG	Malaysian Code on Corporate Governance
NRC	Nomination & Remuneration Committee
Senior Management	Senior management personnel of the Group

2. Introduction and Purpose

This Board Charter clearly ascertains the composition, roles and responsibilities of the Board, Board Committees, individual directors and ID of SkyWorld. The Board endeavours to preserve the supreme standard of corporate governance, ethical behaviour and professionalism in protecting its stakeholders' interests for a long-term sustainability business development.

The Board Charter is subject to the provisions of the Companies Act, the Constitution of the Company, the Listing Requirements, the MCCG and any other applicable law or regulatory requirements of Malaysia.

3. Board Structure

- 3.1** The Board should consist of qualified individuals with broad base of industry knowledge, experience, technical skills, cultural background and gender to ensure sufficient diversity and the ability for them to discharge their duties and to contribute effectively to the Board.
- 3.2** The Board must ensure that at least 2 Directors or 1/3 of the Board, whichever is the higher, are IDs and comprises at least 1 women director.
- 3.3** The number of directors shall not be less than 2 in accordance with the Company's Constitution.
- 3.4** In the event of any vacancy in the Board, resulting in non-compliance with the Listing Requirements, the Board must ensure that the vacancy is filled within 3 months from the date of occurrence of that event.
- 3.5** The Chairman of the Board shall not be a member of the Board Committees namely, ARMC and NRC, to ensure there is check and balance as well as objective review by the Board.
- 3.6** The position of Chairman of the Board and the CEO are held by 2 different individuals for segregation of duty and accountability between them in driving the Group's business direction and performance.

4. Time Commitment / New Directorships

- 4.1** Directors shall devote sufficient time to carry out their responsibilities. The Board shall obtain this commitment from its members at the time of appointment.
- 4.2** A Director who is appointed for the first time as a director of a listed issuer should attend the Mandatory Accreditation Programme within 4 months from the date of appointment pursuant to Paragraph 15.08 of the Listing Requirements.
- 4.3** All Directors shall continue to update their knowledge and enhance their skills by attending trainings and seminars relevant to the Directors for them to discharge respective duties effectively.
- 4.4** The Board, with the assistance of the NRC, is required to assess the training needs of the Directors to ensure the required skills and knowledge are kept abreast.
- 4.5** Each Director must not hold more than 5 directorships in listed issuers or as prescribed in the Listing Requirements.
- 4.6** Directors shall notify the Chairman before accepting any new directorships and the notification shall include an indication of time that will be spent on the new appointment.

5. Board Committees

- 5.1** The Board may establish committees to assist in carrying out its duties and responsibilities as and when appropriate. The following standing Committees have been established by the Board:-
 - 5.1.1** Audit & Risk Management Committee – ARMC supports the Board in the area of governance structure, financial reporting process by liaising with the

external auditors, reviewing and monitoring the Group's system of risk management and internal control as well as related party transactions.

5.1.2 Nomination & Remuneration Committee – NRC assists the Board on matters relating to selection of new Directors and annual assessment of the Board, Board Committees and individual directors as well as recommending to the Board the remuneration package of Directors and Key Senior Management.

5.2 The Board Committees shall operate under clearly defined terms of reference. The Board delegates certain functions to the committees to assist in the execution of its responsibilities within the Board Committees' terms of reference. The Chairman of the respective Board Committees reports to the Board on the outcome of the Board Committee meetings and such minutes will be included in the Board Papers.

6. Remuneration of Directors

6.1 The fees and any benefits payable to the Directors shall be subject to annual shareholders' approval at a general meeting.

6.2 The Directors who are also shareholders of the Company should abstain from voting at general meetings to approve their fees. Similarly, the Executive Directors should not be involved in deciding their own remuneration.

7. Appointment and Re-election

7.1 The Board has full discretion in appointing new Director(s), upon the recommendations by the NRC. All Board appointments will be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender, taking into account the nature of the industry in which the Group operates. In identifying the candidates for appointment as Director(s), the Board does not solely rely on sources from existing Board members, Management or major shareholders. The Board may utilise independent sources to identify suitably qualified candidates not limited to source from a Directors' Registry, open advertisements and independent search firms.

7.2 In accordance with the Constitution of the Company, 1/3 of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3, shall retire from office at the conclusion of the AGM in every year and be eligible for re-election, provided always that all Directors shall retire from office once at least in each 3 years.

7.3 Any newly appointed Director(s) shall hold office only until the next AGM, and shall then be eligible for re-election.

8. Roles and Responsibilities of the Board

8.1 Executive Chairman

8.1.1 The Executive Chairman is significant to the Board in providing the leadership and direction at Board level in order to maintain a good corporate governance for the Board to function effectively.

8.1.2 The main responsibilities of the Executive Chairman are as follows:-

8.1.2.1 To ensure that the Board plays a full and constructive part in the determination and formulation of the Group's strategies and

policies, and that board decisions taken are in the Group's best interests ;

- 8.1.2.2 To ensure a balance composition of skills, knowledge and experience within the Board;
- 8.1.2.3 To liaise with the CEO and the Company Secretary on the agenda for Board meetings. Other Directors and key members of Senior Management may also be consulted;
- 8.1.2.4 To encourage active participation and allow free expression of dissenting opinions ;
- 8.1.2.5 To lead Board meetings and discussions;
- 8.1.2.6 To chair general meetings and ensuring the proceedings comply with good conduct and practices;
- 8.1.2.7 To ensure an effective communication between the Board, management team and the stakeholders;
- 8.1.2.8 To lead the Board in the adoption and implementation of good corporate governance practices in the Group; and
- 8.1.2.9 To perform other responsibilities as assigned by the Board from time to time.

8.2 Chief Executive Officer

8.2.1 The CEO together with all Executive Directors are responsible on the management of the Group's businesses, implementation of policies and effective management of day-to-day operations.

8.2.2 The main responsibilities of the CEO are as follows:-

- 8.2.2.1 To implement effective strategic plans and policies of the Group's business operations;
- 8.2.2.2 To establish and recommend to the Board the Group's vision and long-term strategies, annual business plans, budgets and actions plans that reflect current business environment and trends;
- 8.2.2.3 To ensure that the Group's corporate image, products and services are of supreme standards;
- 8.2.2.4 To provides effective leadership to the Group and is responsible for ensuring high management competency and that an effective management succession plan is in place for business sustainability ;
- 8.2.2.5 To identify and assess the viability of business opportunities that are benefit to the Group; and
- 8.2.2.6 To serve as spokesperson for the Group.

8.3 Executive Directors

8.3.1 Executive Directors are employees of the Company and have vast experience and knowledge of the Company's day-to-day operations. Executive Directors are to assist the CEO on daily operations of the Company and to deal with the preparation and implementation of the strategic business plans of the Group formulated by the Board.

8.4 Independent Non-Executive Directors

8.4.1 The main responsibilities of an Independent Non-Executive Director are as follows:-

- 8.4.1.1 To provide unbiased and independent judgement;
 - 8.4.1.2 To function as a watchdog by performing check and balance to the Board in upholding high standard corporate integrity and governance ;
 - 8.4.1.3 To provide 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 ID to execute their duties effectively;
 - 8.4.1.4 To act as a channel of communication between Management, shareholders and stakeholders;
 - 8.4.1.5 To scrutinise the performance of Management in meeting targeted goals and objectives and monitor the reporting of performance;
 - 8.4.1.6 To ascertain and ensure that the financial information presented is accurate and the internal control as well as risk management control systems are robust and defensible; and
 - 8.4.1.7 To make independent assessment of the information, report or statements, having regard to the Directors' knowledge, experience and competence, to provide independent view and demonstrate objectivity in reviewing and assessing the Management's proposals at meetings.
- 8.4.2** The Board, assisted by the NRC shall review the independence of all ID upon their appointment, annually or whenever any new interest or relationship arises to ensure the exercise of independent judgement from such director and is acting in the best interest of the Group.
- 8.4.3** The tenure of an ID shall not be more than a cumulative term of 9 years. This is to improve the overall quality of directors and promote greater transparency on the criteria for board appointments.
- 8.4.4** Upon completion of the 9-year term, the ID may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an ID beyond 9 years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.
- 8.4.5** However, the tenure of an ID in the Company or any related corporation of the Company shall not exceed a cumulative period of 12 years from the date of his first appointment as an ID.
- 8.4.6** Should the Board decide to appoint an ID who had served as an ID of the Company or any related corporation for more than 12 years before and had observed the requisite 3-year cooling off period, the Board must justify the appointment of such person as an ID and explain why there is no other eligible candidate in the statement accompanying the notice of general meeting.

9. Processes of the Board

9.1 Board Meeting

- 9.1.1 The Board shall meet regularly and hold at least 4 meetings in a financial year. The Chairman of the Board may call for additional meetings whenever necessary to consider matters which require Board decision, approval, directions and attention.

- 9.1.2** In accordance with the Listing Requirements, all Directors must meet the minimum 50% attendance. Senior Management who are not directors may be invited to attend and express opinion in the meetings on matters relating to their areas of responsibility. External parties such as auditors, solicitors and consultants may also be invited by the Board to attend the Board meetings whenever necessary.
- 9.1.3** The Directors may participate in a meeting by means of telephone, video conferencing or any other form of audio or audio-visual instantaneous communication. Such participation shall constitute presence in person at such meeting.
- 9.1.4** In the intervals between Board meetings, Board's decisions or approvals for matters that are urgent or administrative in nature, such matters shall be resolved by way of circular resolutions, signed by majority of Directors present in Malaysia. Such circular resolutions in writing, signed or approved by letter, electronic mail or other electronic communication by a majority of Directors shall be as valid and effectual as if it has been passed at a Board meeting. Such resolutions may consist of several documents in like form, each signed by one or more Board members.

9.2 Notice and Quorum

- 9.2.1** Except in the case of an emergency, notice of every Board meeting will be provided in writing at least seven (7) calendar days before each meeting. The notice shall be transmitted either by post, by hand, facsimile, electronic mail or by any means of telecommunication.
- 9.2.2** The quorum for a Board meeting shall be a minimum of 2 Directors. The Director includes Alternate Director. In the absence of the Chairman, the members present shall elect a Chairman from among them to chair the meeting.

9.3 Agenda and Meeting Papers

- 9.3.1** A full agenda of the Board meeting and Board papers should be distributed at least five (5) calendar days in advance to ensure all Directors are well notified and have sufficient time to review the same and request for additional information, and obtain further clarification from the Senior Management, should a need arise in order to facilitate meaningful deliberation during each meeting.

9.4 Voting

- 9.4.1** All Board members shall be free to express opinion and vote on any matters listed at the meeting. All matters that are to be decided upon and approved by the Board shall be put to vote and passed by a simple majority of vote and in case of any equality of votes, the Chairman of the meeting shall have a second or casting vote.
- 9.4.2** In the event where 2 Directors form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only 2 Directors are competent to vote on the question at issue, the Chairman of the meeting shall not have a casting vote.

9.4.3 A Director shall abstain from deliberation and voting on the resolution which he has direct and/or indirect interest in the business transactions.

9.5 Company Secretary

9.5.1 The Board is supported by suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

9.5.2 The Company Secretary shall act as the secretary of the Board who shall be in attendance and shall be responsible for keeping minutes of all Board meetings.

9.5.3 The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

10. General Meetings

10.1 All Directors, includes the Chairs of Board Committees must attend the general meetings to provide meaningful response to questions addressed to them.

10.2 Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, shall be voted by poll.

10.3 The notice of AGM shall be sent out to shareholders at least twenty-one (21) days before the date of the AGM.

11. Access to Information and Independent Advice

11.1 All Directors shall have full and unrestricted access to the advice and services of the Company Secretary and Senior Management.

11.2 The Directors, whether as a full Board or in their individual capacity, have access to all information within the Group and may seek independent professional advice, where necessary, in the furtherance of their duties and at the Group's expense.

12. Board Effectiveness Evaluation

12.1 The Board has entrusted the NRC with the responsibility for carrying out the annual Board Effectiveness Evaluation. The Board Effectiveness Evaluation shall include of the assessment on the Board as a whole, Board Committees, individual Directors and key officers⁽¹⁾.

12.2 The Board Effectiveness Evaluation shall focus on the areas of Board composition, administration, accountability and responsibility, conduct, the performance of the Chairman and the CEO as well as the Board's effectiveness in addressing the Company's material sustainability risks and opportunities and other criteria as the NRC may think necessary.

12.3 The Directors' Self and Peer Assessment is intended to evaluate the mix of skills, experience and other relevant qualities of the Directors bring to the Board and takes into account the independent 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.

12.4 The assessment results from the Board Effectiveness Evaluation form the basis of the NRC's recommendation to the Board for the re-election of Directors and for further development of the Board and Board Committees.

(1) *Refers to chief executive or chief financial officer, as the case may be*

13. Dealing in Securities

13.1 Directors are required to adhere to the Listing Requirements when dealing in the securities of the Company.

13.2 "Dealings" includes any one or more of the following actions, whether undertaken as principal or as agent:

- (i) acquiring or disposing of securities or any interest in securities;
- (ii) subscribing for or underwriting securities;
- (iii) making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into -
 - (aa) any agreement for or with a view to acquiring or disposing of securities or any interest in securities;
 - (bb) any agreement for or with a view to subscribing for or underwriting securities; or
 - (cc) any agreement the purpose or avowed purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the values of securities; and
- (iv) granting, accepting, acquiring, disposing of, exercising or discharging an option (whether for the call or put or both) or any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of securities or any interest in securities.

13.3 A Director must not deal in the securities of the Company as long as he is in possession of price-sensitive information relating to the Company. "Price-sensitive information" means information that "on becoming generally available would or would tend to have a material effect on the price or value of securities" as referred to in Section 185 of the CMSA.

14. Conflict of Interest and Transaction Involving Director(s)

14.1 Conflict of interest (direct or indirect) arise from a transaction proposed to be entered into between a director or major shareholder or person connected with such director or major shareholder.

14.2 Director can be regarded as having a conflict of interest where the company, he or she is associated with derives an advantage from him being a Director. Therefore a Director is required at all times to declare such conflict and to abstain from any voting and deliberation on a matter in which the Director may have an interest.

14.3 The Companies Act provides that a Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the Company shall be counted only to make the quorum at the board meeting but shall not participate in any discussion while the contract or proposed contract is being considered at the board meeting and shall not vote on the contract or proposed contract.

14.4 Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director or an associate of a Director as a

spouse or other family members, such Director shall make disclosure and act honestly in the best interest of the Company.

14.5 Where a contract or proposed contract is entered into in contravention of Section 221 of the Companies Act, the contract or proposed contract shall be voidable at the instance of the Company except if it is in favour of any person dealing with the Company for a valuable consideration and without any actual notice of the contravention. A Director who knowingly contravenes Section 221 of the Companies Act shall be guilty of an offence against the Companies Act.

14.6 The Directors shall perform an annual self-declaration on independence (i.e for ID) and annual/ ad-hoc declaration of shareholding including related party transactions and/or conflict of interest situations, if any for the Company's records (i.e. for all Directors).

15. Investor Relations and Shareholders Communication

The Company is committed to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the Company. The Company shall leverage on information technology for effective dissemination of information. The Company website <https://skyworld.my/> provides easy access to corporate information pertaining to the Company and its activities and is continuously be updated.

16. Formal Schedule of Matters Reserved for the Board's Decision

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

- Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
- Acquisitions and disposition of assets and capital expenditures save for those capital expenditures that the value is within the authority limit of respective categories of officer empowered by the Board in accordance with the approved Chart of Authority;
- Strategic investments, mergers and acquisitions and corporate exercises;
- Limits of authority;
- Group's policies formulation; and
- Annual Budgets.

17. Review of the Board Charter

The Board Charter will be reviewed and updated in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's duties and responsibilities to ensure it is consistent with the Group's practices, objective and current applicable laws.