

SERN KOU RESOURCES BERHAD
[Registration No. 200001016496 (519103X)]
(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

- 1.1 The Board of Directors ("the Board") is responsible for the stewardship of Sern Kou Resources Berhad's ("SKRB" or "the Company") business and affairs on behalf of SKRB's shareholders with a view to enhance long term shareholders value as well as investors' interest while taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity and effective performance for the Company and its subsidiaries ("the Group" or SKRB Group").
- 1.2 The Board regards the enhancement of good corporate governance is vital toward the achievement of the objectives of transparency, accountability and effective performance of the Group. The Board remains highly committed to enshrine the concepts of good governance as promulgated in Malaysian Code of Corporate Governance 2021 ("MCCG") and to ensure certain aspects of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and relevant provision of the Companies Act 2016 ("the Act") are practiced in all of in all business dealings in respect of its shareholders and relevant stakeholders :
- The Board is 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.
 - All Board Members are responsible to ensure the Group achieves a high level of good governance.
 - The Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.

2. OBJECTIVES

- 2.1 The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their roles, 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 Company.

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- 2.2 In pursuit of the ideals in this Board Charter, the intention is to exceed “minimum legal requirements” with due consideration to recognise standards of best practices locally and internationally. This Board Charter is not an “all inclusive” document and shall be read as a broad expression of principles.
- 2.3 The Board will regularly review this charter and the term of reference of the Board Committees to ensure that they remain consistent with the Board's objectives and responsibilities, and relevant laws, regulations, guidelines and standards of corporate governance.
- 2.4 The Board shall review and adopt a sustainable strategic business development plan for the Group. The Board shall take appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities, and ensure that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

3. BOARD STRUCTURE

3.1 Board Size and Composition

- 3.1.1 The Board should comprise of qualified individuals with character, diverse experience, backgrounds, integrity, competence skills and perspectives and time to effectively discharge their role as company director. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. The Board acknowledges the importance to promote board diversity but not limited to gender, age cultural and education background.
- 3.1.2 As set out in the Company's Constitution, unless otherwise determined by the Company at the general meeting, the number of Directors shall not be less than two (2) and not more than twelve (12). The appointment of Directors shall be recommended by the Nomination and Remuneration Committee (“NRC”) and approved by the Board.
- 3.1.3 At least two or one-third (1/3), whichever is higher, of the Board members are Independent Directors.
- Also, the Board should consist of at least one (1) female director.
- 3.1.4 In the event of any vacancy in the Board, resulting in non-compliance with regulations on the board composition, the Board must ensure that such vacancy is filled within three (3) months.

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- 3.1.5 The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the Managing Director ("MD") have failed to resolve them. The Board shall appoint the Independent Director or as the Chairman of the NRC.
- 3.1.6 The positions of Chairman of the Board and MD should be held by different individuals, and the Chairman must be an independent non-executive member of the Board.
- 3.1.7 The Board recognises the importance of ensuring a balance of power and authority between the Chairman and the MD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and MD are separated and clearly defined.
- 3.1.8 Profiles of the Board members are included in the annual report of the Company.
- 3.1.9 The Board acknowledges the importance of boardroom diversity and the recommendation of the Malaysian Code on Corporate Governance 2021 pertaining to the establishment of a gender diversity policy for the board and senior management.
- 3.1.10 In reviewing the Board and Key Senior Management composition, the Board with the assistance from the NRC, will take into consideration all aspects of diversity including age, gender, ethnicity, skills, experience, independence and background of the Board members and Key Senior Management.
- 3.1.11 Any Director must not hold more than five (5) directorships in listed issuers. If necessary, the Chairman will consult with the rest of the Board members whether the proposed new appointment is likely to impair the Director's ability to devote the necessary time and focus to their role as a Director of the Company.

3.2 Roles of Individual Directors

- 3.2.1 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 purposes;
 - c. avoiding conflict of interest with the Company in a personal or professional capacity and shall make necessary disclosure to the Audit Committee and the Board on all actual, perceived and/or potential conflict of interest ;
 - 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. keeping abreast of changes and trends in the business and in the Group's business environment and markets and changes and trends in the economic, political, social, legal and regulatory climate as well as the sustainable (Environmental, Social and Governance - ESG) issue that could affect the business of the Group; and
 - f. devoting sufficient time to prepare for and attend Board and Board Committee meetings, attend Directors' continuous training programme and briefings.
- 3.2.2 Directors will keep all Board 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 Non-Executive Director ("NED")

- 3.3.1 The roles of NED largely encompass the monitoring of Company performance and contributing to development of Company strategy, clarified as follows:-
- a. Constructively challenge and contribute to the development of Company strategy;
 - b. Scrutinises the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance; and
 - c. Satisfy themselves that the financial information presented is accurate and that financial controls as well as systems of risk management are robust and defensible.
- 3.3.2 The NED acts as link between Management, Shareholders and other stakeholders. They should provide the relevant checks and balances and ensuring that high standards of corporate governance are applied whilst taking into consideration the interests of the Shareholders and other stakeholders.

3.4 Independent Director

- 3.4.1 An Independent Director is independent of management and free of any business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement, and who otherwise meet the criteria for independence.
- 3.4.2 The Independent Directors must give effect to the spirit, intention and purpose of the definition of an Independent Director which enumerated out in Paragraph 1.01 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("the Main Market Listing Requirements").
- 3.4.3 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations to mitigate any possible conflict of interest between the policy-making process and the day- to-day management of the Company.
- 3.4.4 The Independent Directors shall constructively challenge and contribute to the development of business strategy and direction of the Company to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.4.5 The Independent Directors should ensure effective checks and balances on the Board, and carry significant weight in the Board's decision-making process.
- 3.4.6 The Board undertakes to assess the independence of the Independent Directors on an annual basis upon re-appointment or when any new interest or relationship develops.

3.5 Chairman

- 3.5.1 The Chairman leads the Board and is responsible for the effective performance of the Board.
- 3.5.2 The Chairman of the Board shall be an Independent Non-Executive Member of the Board and should not be a member of Audit Committee, Nomination and Remuneration Committee and Risk Management and Sustainability Committee to ensure there is check and balance on the corporate affairs.
- 3.5.3 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. leading the Board in setting the values and standards of the Company;
 - b. maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
 - c. ensuring the provision of accurate, timely and clear information to Directors;

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- d. ensuring effective communication with shareholders and relevant stakeholders;
 - e. arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
 - f. facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and
 - g. facilitating the ongoing development of all Directors.
- 3.5.4 The Chairman, in consultation with the MD and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 3.5.5 The Chairman ensures orderly conduct and proceedings of the Board and general meetings and is responsible for managing the business of the Board to ensure that:
- a. all Directors are properly briefed on issues arising at Board meetings;
 - b. sufficient time is allowed for discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion; and
 - c. the issues discussed are forward looking and concentrates on strategy.
 - d. active participation and allowing dissenting views to be freely expressed.
- 3.5.6 The Chairman ensures that every Board resolution is put to vote.
- 3.5.7 The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance. Given the importance and particular nature of the Chairman's role, it should in principle be separated from that of the Chairman and Chief Executive Officers/ Group MD.
- 3.5.8 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.

3.6 Managing Director

- 3.6.1 The MD is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group.
- 3.6.2 The MD is responsible for the development and implementation of the long-term and short-term strategies for the Group and setting the overall strategic policy and direction of the Group's business operations based on effective risk management controls.
- 3.6.3 The MD ensures that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.

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- 3.6.4 The MD shall exercise professional skill, due care and diligence when performing his functions, exercising their powers or discharging his duties as well as devote full attention and time to their duties and responsibilities and be able to direct and supervise the Company effectively and responsibly.
- 3.6.5 The MD provides effective leadership to the Group and is responsible for ensuring high management competency and that an effective management succession plan is in place to sustain continuity of operations.
- 3.6.6 The MD is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- 3.6.7 The MD implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on Management is delegated through the MD and this will be considered as the MD's authority and accountability as far as the Board is concerned.
- 3.6.8 Keeping the Board fully informed of all important aspects of the Company's operations and ensuring sufficient information is distributed to the Board members.

In the absence of the MD, the Senior Executive Director who is fully acquainted with the Company's affairs, is the person who will be directly responsible for the overall running of the Company.

3.7 Principal roles of the Board

- 3.7.1 The Board's role is to provide leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed and to make decisions on reserved matters as set out in Appendix 1.
- 3.7.2 The Board has delegated certain responsibilities to committees which operate in accordance with this Charter and delegated the day to day management of the Business to Management with an agreed authority limit. The principal roles and responsibilities of the Board including those from MCGG are:-
 - a. Reviewing the code of conduct of the Group's business which including managing conflicts of interest, preventing the abuse of power, fraud, bribe and corruption, insider trading and money laundering as well as build sustainable value for the shareholders and implementing appropriate internal systems to support, promote and ensure its compliance;
 - b. Reviewing and adopting a sustainable strategic business development plan for the Company;
 - c. Regularly evaluating economic, environmental, social and governance issues and any other relevant external matters that may influence or affect the development of the business or the interests of the shareholders in ensuring that the Company's strategies promote sustainability i.e. matters in relation to Economic, Environmental, Social and Governance ("ESG") aspect;

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- d. Development of the business or the interests of the shareholders in ensuring that the Company's strategies promote sustainability;
- e. Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- f. Reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes establishing sound risk management framework, reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- g. Together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- h. Reviewing, constructively challenging and making decision on Management's proposals for the Company and monitoring the implementation;
- i. Selecting, appointing and evaluating from time to time the performance of, and planning succession of the MD under the guidance of the NRC;
- j. Reviewing the procedures for appointment of senior management and ensuring that succession planning of the senior management is in place;
- k. Establishing an internal audit function which reports directly to the Audit Committee promoting effective communication and proactive engagements within shareholders and other stakeholders;
- l. Ensuring there is a sound framework of reporting on internal controls and regulatory compliance;
- m. Ensuring its members have access to information, advice and appropriate continuing education programmes;
- n. Reviewing and approving formal and transparent remuneration policies and procedures to attract and retain directors;
- o. Ensuring there is appropriate corporate disclosure policies procedures;
- p. Encouraging the usage of information technology in communicating with stakeholders;
- q. Taking reasonable steps in encouraging the shareholders' participation and voting by poll at general meetings of the Company;
- r. Promoting effective communication and proactive engagements with shareholders;
- s. Undertaking an assessment of the independent directors annually; and
- t. Ensuring the integrity of the Company's financial and non-financial reporting. The Board has to ensure that all its members are able to understand financial statements and form a view on the information presented;

3.8 Nomination and Appointment

- 3.8.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NRC.

In identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing directors, Management or major shareholders. The Board could utilise Independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, Management or major shareholders, the Nomination and Remuneration Committee should explain to the Board why these source(s) suffice and other sources were not used.

- 3.8.2 In making the recommendation to the Board, the NRC will consider the required mix of skills, experience, character, integrity, competence, time commitment and diversity, where appropriate, which the person nominated can bring to the Board. The NRC shall apply the “Fit and Proper” standards as per the Directors’ Fit and Proper Policy adopted by the Company before recommending the candidates to the Board for approval.

- 3.8.3 The qualifications for Board membership are, amongst others the following: -

- a. Age limit is In accordance with the Malaysian Companies Act 2016;
- b. Relevant experience in regional and/or international markets;
- c. Education and experience that provides knowledge of business, financial, governmental or legal matters that are relevant to the Company’s business or to its status as a publicly owned company;
- d. An entrepreneurial talent for contributing to the creation of shareholder value;
- e. The ability to make informed business decisions and recommendations;
- f. Ability to ask probing operational related questions and exhibits high ethical standards and sound practical sense;
- g. Sufficient available time to be able to fulfill his/her responsibilities as a member of the Board and any of the Committees to which he/she may be appointed; and
- h. Total commitment to furthering the interests of shareholders and the achievement of the Company’s goals.

- 3.8.4 The appointment of Board and senior management are based on objective criteria, merits and with due regard for diversity in skills, experience, age cultural background and gender.

- 3.8.5 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

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- 3.8.6 Upon the appointment of a new Director, the Company Secretary shall guide the Director of his/her principal duties and responsibilities and explain 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.
- 3.8.7 The Company should ensure 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.
- 3.8.8 The Company should ensure 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.

3.9 Re-election

- 3.9.1 An election of directors shall take place each year.
- 3.9.2 All directors are subject to retirement by rotation at least once in every three (3) years and is eligible for re-election, which is contingent on satisfactory evaluation of the directors' performance and contribution to the Board.
- 3.9.3 New Board members will only hold office until the next annual general meeting, and will then be eligible for re-election.

3.10 Retention/ Re-designation of an independent director with cumulative term of more than nine (9) years

- 3.10.1 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Directors' re-designation as a Non-Independent Director.
- 3.10.2 The Board, upon recommendation of the NRC, shall justify and seek shareholders' approval through a two-tier voting process in the event that it desires to retain a person who has served in that capacity for more than nine (9) years as an Independent Director.
- 3.10.3 Further, the long serving director is required to declare to the Company annually that he complies the criteria of independent as stated in item **3.4**.

3.11 Assessment and Development

3.11.1 Directors' Assessment / Board Evaluation

- a. The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis.
The annual assessment of the Board shall take into the consideration of ability in addressing the Company's material sustainability risk and opportunities.

3.11.2 Directors' Training and Development

- a. In addition to the Mandatory Accreditation Program I and II ("MAP") as required by the Bursa Malaysia Securities Berhad ("Bursa Securities"), Board members are encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operation and business.
- b. 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.

3.12 Board/Management Authorities

- a) The Board shall have the authority to approve transactions or activities which are beyond the individual discretionary powers of senior officers or management committees delegated by the Board as per the Approving Authority limits stipulated in the relevant policy manuals of respective operating units subject to the provision of the Constitution of the Company.

3.13 Board Committees

- 3.13.1 The Board should establish and delegate certain duties to specialised Board Committees to oversee critical or major functional areas and to address matters, which require detailed review or in-depth consideration before tabling its recommendation to the Board

- 3.13.2 The Board has established the following Board Committees which operate within their specific terms of reference: -

- a. Nomination and Remuneration Committee (NRC")

The NRC 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 contribution of each individual

Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.

The NRC is also responsible for recommending to the Board the remuneration of Executive Directors and NED and Key Senior Management who are in C-Suite Category in all its form, drawing from outside advice if necessary.

b. Audit Committee

The Audit Committee assists and supports the Board primarily in the area of governance structure, financial and conflict of interest reporting process by liaising with the external auditors or the Board, in reviewing and monitoring the Group's system of risk management and internal control by liaising with the internal auditors.

c. Risk Management and Sustainability Committee ("RMSC")

The RMSC oversees the identification, monitoring and control of all risks faced by the businesses within the Group. It is responsible for reviewing and recommending risk management policies and strategies for the Group and thus, assists the Board in fulfilling its oversight responsibility in risk management. The RMSC advise on the Group's sustainability report and provide assurance to the Board that risk control measures and mitigation actions and the effectiveness of the Group's Sustainability Policy are existence and are being continually reviewed.

3.13.3 Duties and functions of the above-mentioned committees are provided in their respective terms of reference, which are available at the Company's website at www.sernkou.com

4. BOARD MEETINGS AND PROCEDURES

4.1 General

- 4.1.1 The conduct of directors will be consistent with their duties and responsibilities to the Company and, indirectly, to the shareholders. The Board shall act within any limitations imposed by the provisions of relevant laws and guidelines on its activities.
- 4.1.2 Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully, and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board.
- 4.1.3 Directors who are not able to attend a meeting will advise the Chairman at an earlier date as possible and confirm in writing to the Secretary.

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- 4.1.4 Board discussions will be open and constructive, recognising that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus of the Board but may, where considered necessary, call for a vote.
- 4.1.5 All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal and regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.
- 4.1.6 Directors are expected to strictly observe confidentiality of the Company's information.
- 4.1.7 Directors are required to inform the Board of conflicts or potential conflict of interest that may have in relation to particular items of business or transaction. Subject to provisions of relevant laws and guidelines, these Directors shall abstain from deliberation and determination of those matters.

4.2 Board Meetings

- 4.2.1 Subject to relevant laws and guidelines, the Board shall meet on a quarterly basis, Special Board meetings should be held in addition to the quarterly meetings as and when required. Prior notice of meetings will be given to all who are required to attend the meetings.
- 4.2.2 Individual directors must attend at least 50% of the Board meetings held in each financial year or such other percentage as may be prescribed by the Main Market Listing Requirements.
- 4.2.3 The attendance of each individual director in the meeting held in a financial year is required to be disclosed in the Annual Report. Other senior officers / Management who can provide additional insight into matters under discussion or appear to be persons with potential who should be given exposure to the Board may be invited to attend for particular items within their responsibility. The may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- 4.2.4 The quorum of the meetings is two (2) members.
- 4.2.5 Any issues which arise between meetings can be resolved through circular resolutions subsequent to the Board being apprised of the issues. These circular resolutions shall be valid and effective if approved by majority Directors any written form-letter, telex, email or other electronic means. Such discussion, including any concerns raised and the rationale for the decision shall be tabled at the following Board meeting for formal record keeping.

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- 4.2.6 The participation of the directors can be facilitated by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 4.2.7 The Chairman of the Board, or his/her absence, a Director from amongst Board members present shall be appointed to preside at all meeting.
- 4.2.8 All decisions at such meeting shall be decided on a show of hands on a majority of votes. The Chairman shall have a casting vote.
- 4.2.9 The Secretary or his/her nominee shall minute the proceedings and resolutions, including the names of all attendees. Draft minutes of meetings of the Board shall be circulated promptly to all members of the Board.

4.3 Agenda

- 4.3.1 Meetings of the Board shall be called by the Secretary of the Board at the request of the Chairman of the Board based on planned calendar dates. Notice of each meeting confirming the venue, time and date, together with an agenda of items and its supporting papers to be discussed, shall be forwarded to each member of the Board, no later than seven (7) days before the date of the meeting.
- 4.3.2 Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to the Board either personally or e-mail, electronic means of communication or by post or by courier to his/her registered address as appearing in the Register of Directors or to the address provided by the Board, as the case may be.
- 4.3.3 A well prepared board agenda will enhance the Board's productivity and strengthen its strategic and supervisory role. The Chairman, in conjunction with the Executive Director and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst other, matters specifically reserved for the Board's decision. Due consideration should be given to items for inclusion, sequence of items, estimated time required for each item as well as the necessary board papers needed to be provided to the Board including items to be sent in advance. In the case of sensitive, and confidential information, these board papers may be circulated just prior to the Board meeting. The Board shall record its deliberation, in term of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.

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4.4 Meeting Papers and Minutes

- 4.4.1 As a matter of best practice and to allow ample time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days prior to the meeting or a shorter period when unavoidable. It is recommended that where there is a need to table a report, a brief listing of findings and/or recommendations is prepared.
- 4.4.2 The minutes of Board meetings shall be prepared within fourteen (14) days following a Board meeting and shall be circulated in draft form. The draft minute shall be re-circulated together with the Board papers at the following Board meeting in readiness for approval. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

4.5 Declaration of Interest/Conflict of Interest

- 4.5.1 The Constitution of the Company stipulates that a Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare his/her interest in accordance with the provisions of the Companies Act 2016. The Director concerned shall not participate in deliberations and shall abstain from voting on any matter arising therefrom.
- 4.5.2 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, key senior management, or as a legal representative of the Company ("Key Person"), the Director and/or the Key Person involved shall make full disclosure and act honestly in the best interests of the Company.
- 4.5.3 If a conflict or potential conflict situation exists, it is required that the conflicted Director and/or Key Person shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that states that those directors are satisfied that the interest should not disqualify the director from being present.
- 4.5.4 Directors are expected to advise the Company Secretary of any proposed Board or executive appointment to other companies as soon as practicable.
- 4.5.5 The Company Secretary shall aid the annual independence and conflict of interest self-declaration by the Directors.

4.6 Access to Information and Independent Advice

- 4.6.1 The Directors shall have access to Management for relevant and additional information or seek explanations, as and when required. At the request of the Board, Management is obliged to supply in a timely manner, all relevant information to enable director to make sound business judgments and discharge their duties more effectively.
- 4.6.2 A director of the Company is entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to approval by the Chairman or the Board, provided the cost or fee is reasonable.

The Board has the authority to conduct or direct any investigation required to fulfill its responsibilities and has the authority to engage, at the Company's expense, such legal, accounting or other independent professional advisers, consultants or experts as it considers necessary from time to time in the performance of its duties in accordance with the agreed procedures laid down by the Board.

- 4.6.3 A record of submissions, papers and materials presented to board, is maintained and held by the Company Secretary together with minutes of meetings, and is accessible to Directors.
- 4.6.4 All Directors should have access to the advice and services of the Company Secretary. The Board should recognize that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.

5. REMUNERATION OF DIRECTORS

- 5.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- 5.2 The level of remuneration for the Executive Directors is recommended by the Remuneration Committee and is awarded based on the Company's performance and also individual performance.
- 5.3 Non-executive directors are entitled to participate in the Company's Employee Share Scheme subject to approval at a general meeting. Non-executive directors who participated in the Share Issuance Scheme are prohibited to sell, transfer or assign the shares obtained through the options offered to him within one (1) year from the date of offer of such options.
- 5.4 A formal independent review of the Directors' remuneration is undertaken on yearly basis.

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- 5.5 There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.
- 5.6 Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover.
- 5.7 The fees of Directors, and any benefits payable to Directors (including Directors of subsidiaries) shall be subject to annual shareholder approval at a general meeting.

6. GENERAL MEETING

- **ANNUAL GENERAL MEETING (“AGM”)**
- **EXTRAORDINARY GENERAL MEETING (“EGM”)**

- 6.1 The Board regards the general meeting as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- 6.2 The Company regards the general meeting as the principal forum for dialogue with shareholders and aims to ensure that the general meeting provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
- 6.3 The Chairman encourages active participation by the shareholders during the general meeting. To encourage poll voting during the general meeting, the Chairman shall inform shareholders of their right to demand for a poll at the commencement of the meeting.
- 6.4 The Company shall ensure that the conduct of general meetings supports meaningful engagement between the Board, Senior Management and shareholders. The Chairman and, where appropriate, the MD responds to the shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide and publish a written answer to any significant question that cannot be readily answered at the meeting.
- 6.5 The Company will publish to shareholders (via corporate website) the complete minutes of the general meeting detailing the meeting proceedings including issues or concerns raised by shareholders and responses by the Company no later than 30 business days after the completion of the general meeting.

The Company will take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

7. FINANCIAL REPORTING

7.1 Transparency

- 7.1.1 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 7.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.
- 7.1.3 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.
- 7.1.4 The Auditors Report shall contain a statement from the External Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

7.2 Auditors

- 7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.
- 7.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.
- 7.2.3 Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

8. STAKEHOLDERS OF THE COMPANY

8.1 Shareholder

- 8.1.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 8.1.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.

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8.1.3 The Company leverages on information technology for effective dissemination of information. The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

8.2 Other Stakeholders

8.2.1 In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regards, the needs and interests of other stakeholders are also taken into consideration.

8.2.2 The Company has established channels such as engagement forums or use of electronics means (corporate website and email) to undertake active engagements with the relevant stakeholders for example employees, shareholders, potential investors, and consumers to gain a better understanding of the expectations and concerns (if any) of these stakeholders and the Company's impact on them.

8.3 Employees

8.3.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.

8.3.2 The Company has made effort to provide high quality work, health and safety environment to our employees as well as the Group's stakeholders. The Group continues to adhere the industry and healthy policy in order to ensure that a safe and healthy working environment is provided to the employees of the Group at all times.

8.3.3 Opportunities were also given to the Group's employees for attending external and on-the-job training to enhance their skills, knowledge and personality.

8.4 Environment

8.4.1 The Board acknowledges the need to safeguard and minimises the impact to the environment in the course of achieving the Company's vision and mission.

8.4.2 The Company continues promoting environmentally-conscious work practices in order to reduce environmental impact, enhance energy efficiency and to promote recycling wherever possible. The Group complies with the environmental laws and regulations.

8.5 Social Responsibility

8.5.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.

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8.5.2 The Company maintains its commitment to its policy of satisfying customers by conducting its business with integrity and providing them with quality products. In addition, its subsidiary companies, namely Sern Kou Furniture Industries Sdn. Bhd. and S.K. Furniture Sdn. Bhd. were certified with the ISO9001:2008 quality standard.

8.6 Company's sustainability risks and opportunities

8.6.1 The Board will proactively consider sustainability issues such as health and safety, data governance and privacy as well as climate action when it oversees the planning, performance and long-term strategy of the company, to ensure the Company remains resilient, is able to deliver durable and sustainable value as well as maintain the confidence of its stakeholders.

8.6.2 Management will integrate sustainability considerations in the day-to-day operations of the Company and ensure the effective implementation of the Company's sustainability strategies and plans.

8.6.3 The Board and Management will continuously engage and consider the views of its internal and external stakeholders to better understand and manage the Company's sustainability risks and opportunities.

8.6.4 The Company's sustainability strategies, priorities as well as targets and performance against these targets will be communicated to the employees so that they are aware and understand the Company's approach to sustainability ('what we do and why we do it').

8.6.5 The board ensures that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

8.6.6 The Company will inform the external stakeholders through the appropriate means such as engagements and company disclosures, this includes how close (or far) is the Company from achieving its targets, and actions the company has or will take to address any gaps.

9. COMPANY SECRETARY

9.1 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.

9.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

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- 9.3 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.
- 9.4 The Company Secretary should guide Directors of their obligations to adhere to matters relating to: -
- 9.4.1 disclosure of interest in securities
 - 9.4.2 disclosure of any conflict of interest in a transaction involving the Company
 - 9.4.3 prohibition on dealing in securities
 - 9.4.4 restrictions on disclosure of price-sensitive information.
- 9.5 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- 9.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.

10. DIVERSITY POLICY

- 10.1 The Company adopts a Diversity Policy for the Board of Directors and Senior Management to promote diversity and inclusion for the Board and Senior Management.
- 10.2 The Company adopts a policy of non-discrimination on the basis of race, age, religion and gender. Thus, the Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

11. CONFLICT OF INTERESTS

- 11.1 A Director must:-
- disclose to the Audit Committee and the Board (through the Secretary and/or Chairman) any actual, perceived or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
 - take any necessary and reasonable measures to try to resolve the conflict; and
 - comply with the provisions Companies Act 2016 on disclosing interests and restrictions on voting.
- 11.2 If a conflict or potential conflict situation exists, it is required that the conflicted Director shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that states that those directors are satisfied that the interest should not disqualify the director from being present.

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

12. REVIEW OF THE BOARD CHARTER

- 12.1 The Board will review this Charter from time to time and make any necessary amendments when there are changes to the Malaysian Code on Corporate Governance 2021 (including any further revisions) and the Main Market Listing Requirements that may have an effect on the Board's responsibilities.
- 12.2 Any updates to the principles and practices set out in this Charter will be made available on the Company's website.

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APPENDICES OF BOARD CHARTER

1. List of Matters Reserved for the Board
2. Corporate Disclosure Policy
3. Directors' Code of Conduct
4. Whistleblowing Policy
5. Remuneration Policy
6. Diversity Policy for Board of Directors and Senior Management
7. Procedure for the appointment of Directors and Senior Management staff for the approval of the Board of Directors
8. Succession Planning
9. Anti-Bribery and Anti-Corruption Policy
10. Conflicts of Interest Policy

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APPENDIX 1 - LIST OF MATTERS RESERVED FOR THE BOARD

LIST OF MATTERS RESERVED FOR THE BOARD

Apart from matters which are expressly required by law to be approved by the Board, the following matters shall be especially reserved for the Board's approvals, amongst others, are as follows:-

1. Board Structure

- a) Charters for Board Committee
- b) Change of Directors of the Group, Managing Director/ Chief Executive Officer and other senior Management positions based on the recommendation of Nomination and Remuneration Committees;
- c) The appointment, removal or replacement of the Company Secretaries;
- d) Appointment, Resignation, Dismissal and Change of auditors based on recommendations from the Audit Committee;
- e) The frequency of meetings of the Board;

2. Board assessment and evaluation

- a) Conduct and review the annual assessment, evaluation on the performance and effectiveness of the Board, Board Committees and individual Director.
- b) Succession planning for Directors

3. Board remuneration

- a) Recommendation of Directors' fees and benefits (other than fees) payable for Non-Executive Directors.
- b) Approval of remuneration packages and structure, including service contracts, for Executive Directors.

4. Company's operations

- a) Strategic plan, annual operating and capital expenditure budgets;
- b) Authorisation levels;
- c) Related party transactions;
- d) Material contracts within the Group;
- e) Risk management policy;

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- f) Approval of investment or divestment of in a company, business, property or undertaking.

5. Financial

- a) Dividend policy and recommendation of interim and final dividends;
- b) Review and approval of quarterly-year end Financial statements and their release (including financial reports for announcement to Bursa Malaysia Securities Berhad (“Bursa Securities”) or the Securities Commission)
- c) Adoption of accounting policies in line with Malaysian Financial Reporting Standards.
- d) Treasury policy;

6. Others

- a) Material acquisitions and disposals of assets not in the ordinary course of business of the Group
- b) Promoting effective communication and proactive engagements with shareholders;
- c) Recommending amendments to the Constitution of the Company;
- d) The convening of general meetings of shareholders of the Company;
- e) Recommending to the shareholders that any ordinary or special resolutions in respect of the Company;
- f) Recommending to the shareholders to take a particular course of action proposed by the Board;
- g) The approval and authority to issue circulars to the shareholders of the Company.

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APPENDIX 2 – CORPORATE DISCLOSURE POLICY

1. INTRODUCTION

The Board of Directors of Sern Kou Resources Berhad (“The Board”) is committed to provide effective communication to its shareholders and general public.

2. OBJECTIVES

2.1 The objectives of the Disclosure Policy are as follows:-

- 2.1.1 To raise awareness and provide guidance to the Board, Management, officers and employees on the Company’s disclosure requirements and practices;
- 2.1.2 To provide guidelines and policies to disseminate corporate information;
- 2.1.3 To ensure compliance with all applicable legal and regulatory requirements on disclosure of material information; and
- 2.1.4 To build good investor relations with the investing public that inspire trust and confidence.

3. SCOPE AND APPLICABILITY OF THE POLICY

3.1 This Policy applies to all directors, officers, employees of the Company and its subsidiaries and those authorised to speak on their behalf. This policy covers but is not limited to the following: -

- a. Electronic facilities provided by Bursa Securities;
- b. Press releases;
- c. Letters to shareholders;
- d. Corporate Website;
- e. Emails;
- f. Oral statements made in group meetings, individual meetings and telephone conversations with members of the investment community (which includes analysts, investors, investment dealers, brokers, Investment advisers and investment managers) or with employees;
- g. Interviews with media;
- h. Speeches;
- i. Presentation by senior management;
- j. News conferences;
- k. Conference calls;
- l. Financial and no-financial disclosure; and
- m. Any other dealings with the general public.

4. STRUCTURE FOR CORPORATE DISCLOSURE

The Board is ultimately responsible for ensuring that the Corporate Disclosure Policy is implemented effectively and the disclosure requirements as set out are fulfilled.

4.1 The Board will be responsible for the following:

- 4.1.1 To oversee the Group's disclosure controls and procedures and ensure adherence to the Policy.
- 4.1.2 To ascertain if any corporate developments, transactions and other events constitute material information and if so, ensuring the procedures outlined in the Policy are adhered to.
- 4.1.3 To make timely disclosure of material information in accordance with applicable securities laws, MMLR of Bursa Securities and other regulatory requirements, from time to time.
- 4.1.4 To respond to any query raised by Bursa Securities or other applicable securities regulatory.
- 4.1.5 To review and update the Policy to ensure compliance to MMLR and other regulatory requirements, from time to time.

4.2 Authorised Spokesperson

- 4.2.1 The Board designates a limited number of spokespersons ("Authorised Spokesperson/(s)") responsible for the communication.
- 4.2.2 The lists of the Authorised Spokespersons are as follows:

Primary Spokespersons

- a. Chairperson
- b. Managing Director
- c. Executive Directors

Secondary Spokesperson

Chief Financial Officer

4.3 The Primary Authorised Spokespersons are authorised to deal with all aspect of the following matters:

- 4.3.1 Company's operations,
- 4.3.2 Financial positions,
- 4.3.3 Future prospects,
- 4.3.4 Strategies,
- 4.3.5 Governance,
- 4.3.6 Management, and
- 4.3.7 Products and services.

4.4 Primary Authorised Spokespersons in respond to the specific enquiries from the Public, shall not disclose material information that has not been previously made public.

4.5 The Secondary Spokesperson may only communicate to public on information already in the public domain unless they are authorised by the Primary Authorised Spokespersons to undertake broader communications.

- 4.6 Employees other than the Authorised Spokespersons shall not respond to inquiries from the investment community or media unless authorised to do so by referring to the Primary and the Secondary Authorised Spokespersons.
- 4.7 If there is any ambiguity about the appropriateness of supplying information to an outsider, the authorised spokespersons shall be contacted for advice.

5. MAINTAINING CONFIDENTIALITY

- 5.1 Any employee who is privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business or required by law. Efforts will be made to limit access to confidential information to only those who “need to know” the information.
- 5.2 Outside parties privy to undisclosed material information concerning the Company will be told that they must not divulge such information to anyone else to ensure that such outside parties confirm their commitment to non-disclosure under a written confidentiality agreement.

6. DISCLOSURE POLICY AND PROCEDURES

The Corporate Disclosure Policy of the Company sets out when disclosure is required by the Company

6.1 Immediate Disclosure of Material Information

- 6.1.1 The Company must announce immediately any transaction entered into under Part D and Part E of the Chapter 10 of the Main Market Listing Requirements (“MMLR”). The materiality has been predetermined and is measured by applying specific percentage ratios.
- 6.1.2 The Company must announce immediately the occurrence of events prescribed under paragraph/Rule 9.19 of the MMLR. No assessment of materiality is needed for the events.
- 6.1.3 A transaction will not be automatically excluded from the requirement for an announcement even if Chapter 10 does not require it. The disclosure requirement is not executed mechanically. Instead, the Company will undertake the materiality assessment by applying the principles outlined in paragraph/Rule 9.03 of the MMLR to assess materiality. This assessment will determine whether an announcement is necessary for general matters or events without predetermined materiality. Pursuant to the requirement, an information is considered material if it is reasonably expected to have a material effect on the:
 - a) price, value or market activity of any of its securities; or
 - b) investor’s decision in determining his choice of action.

- 6.1.4 The Company will further take the following factors into account in assessment of whether an event or information is material:
- a) the anticipated impact of the information on the Company's entire scope of activities;
 - b) the anticipated impact of the information on the Company's financial position or performance; or
 - c) the relevance of the information on the factors that determine the Company's share prices.

6.2 Contents of Announcement or Circulars

- 6.2.1 The Company must emphasise substance over form when disclosing announcement or circulars.
- 6.2.2 The Company aims to ensuring the investing public has a good understanding of information disclosed.
- 6.2.3 The Company must disclose the total consideration together with the basis and justification for the consideration.
- 6.2.4 The Company must disclose the contribution to group's net profit in a disposal transaction including the intended application of sale proceeds.
- 6.2.5 Contents in circulars must be factual, clear and not lengthy to facilitate easy understanding.

6.3 Clarification, Confirmation or Denial of Rumours or Reports

- 6.3.1 Whenever the Company becomes aware of a rumour or report, it should ascertain whether it contains undisclosed material information and make an announcement to Bursa Securities to deny or clarify the matter, and provide sufficient supporting information in accordance with the MMLR.
- 6.3.2 The Company must not make evasive announcement that do not clarify, confirm or deny a rumours or report.

6.4 Unusual Market Activity

- 6.4.1 Where there is unusual trading activity or price movement in the Company's shares, the Company must upon query from Bursa Securities undertakes due enquiry to determine the cause and issue a clarifying announcement.

6.5 Equal Access to Material Information

- 6.5.1 The Company can provide any information to journalists, analysts and fund managers as long as it does not include any undisclosed material information.
- 6.5.2 The Company must immediately announce to Bursa Securities any non-public material information which has been inadvertently disclosed when responding to question from journalists, analysts or fund manager.
- 6.5.3 When conducting meetings with outside parties, the Company keeps to a minimum number of authorised spokespersons.

6.5.4 The Company will disseminate information through its website to shareholders and to enhance investor relations including email address, name of designated person, contact numbers to enable public to forward queries.

6.6 Insider and Employee Trading

6.6.1 Capital Market & Service Act 2007 (“CMSA”)

Pursuant to Section 188 (1) of the CMSA, a person is an “insider” if that person :-

- a) Possesses information that is not generally available which on becoming generally available a reasonable person would expect it to have material effect on the price or the value of the securities; and
- b) Knows or reasonably ought to know that information is generally not available.

In addition, Section 188(2) of the CMSA states that an insider shall not, whether as principal or agent, in respect of any securities to which information in subsection 188(1) relates:

- a) Acquire or dispose or enter into an agreement for or with a view to the acquisition or disposal of such securities; or
- b) Procure, directly or indirectly, an acquisition or disposal of, or the entering into an agreement for or with a view to the acquisition or disposal of such securities.

Based on the above definitions, these would include but not limited to the following: -

- a) Directors and officers of the Company and subsidiaries;
- b) Employees
- c) Persons who provide business or professional services to the Company; and
- d) Any other person or company informed about undisclosed material information about the Company by any of the above parties.

As such, the persons stated above with insider knowledge of undisclosed material information, is prohibited from trading in the Company’s securities until after the information has been disclosed.

6.6.2 Dealing Restrictions

- a) It is prohibited for anyone with knowledge of material information affecting the Company which has not been publicly disclosed, to purchase or sell securities of the Company. Except in the necessary course of business, it is also illegal for anyone to inform or tip any other person of material no-public information. Question as to whether information has previously been disclosed in accordance with this Disclosure Policy be directed to the Chief Financial Officer or Company Secretary.

6.6.3 Closed Period

- a) The Company adopts the Closed Period as stated in the MMLR, defined as a period commencing 30 calendar days before the targeted date of announcement up to the date of the announcement of the Company's quarterly results to Bursa Securities.
- b) All authorised Spokespersons are prohibited from continuing on current period earnings estimates and financial assumptions; and must also avoid initiating meetings (in person or by phone) with investment analyst, security holders, potential investors and the media on items significant to investors, other than responding to unsolicited inquiries concerning factual information.
- c) Having stated the above, the Company does not stop all communications with analysts investors during this period any may, for example, participate in investment meetings and conferences organized by other parties, as long as material information which has not been publicly disclosed, is not selectively disclosed.

The Company Secretary will advise the Directors and principal officers on the trading restrictions in the Company's securities in accordance with the provisions of the Bursa Securities MMLR.

6.7 Other disclosure

6.7.1 Profit Guidance

Where there is material improvement or deterioration in the Company's financial results, the Company will assess the impact and immediately provide a profit guidance statement on the likely impact.

6.7.2 Fraud/Financial Irregularity

Where there is a fraud or financial irregularity taking place, the Company will immediately assess the materiality and immediately announce if it is material including the financial and operational impact and steps taken to address it.

6.7.3 Announcement by External Parties/Authorities

The Company will immediately announce to Bursa Securities any announcement by a government ministry or agency regarding a government policy which is material to the Company including the business and financial impact

6.7.4 Disclosing Purpose and Utilisation of a General Mandate

The Company may procure a general mandate from its shareholders at a general meeting to issue shares in accordance with the Companies Act 2016 and the requirements under the MMLR.

6.7.5 Financial Reports and Annual Report

The Company should present a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. The management should provide sufficient explanation and information to Board to enable the Board to make an informed assessment of the financial and other information before put it for approval to enable the Board as a whole and each Director to discharge their duties under the MMLR.

As required by the MMLR, the Board shall ensure that the Company:

- a) publishes an announcement of the quarterly results of the Company not later than two (2) months after the end of each quarter of the financial year.
- b) issue to its shareholders an annual report that includes annual audited financial statements together with the auditors' and directors' reports in respect of each financial year within four (4) months from the close of the financial year.

Quarterly and annual reports will be announced to Bursa Securities upon approval by the Board. The announced quarterly and annual reports will subsequently be posted on the Company's and Bursa Securities' websites.

- a) The Board is responsible for the preparation of timely and reliable financial statements and represents a true and fair view of the statement of affair of the Company.
- b) To facilitate easy reference, the Company discloses in its annual report, financial highlight of major items including disclosure in its notes to the quarterly report, a detailed analysis of the performance of all operating segments of the Group and details of major components in the statement of cash flows.

7. OBTAINING FEEDBACK

- 7.1 The Company has developed various channels via email, mail or telephone for shareholders and major stakeholders to provide their comments and feedback in relation to Company's operational, performance, governance and strategic matters.
- 7.2 The Company will consider the relevant comments and feedback received in establishing its corporate strategy.

8. REVIEW

- 8.1 This policy has been circulated internally and is made readily available to all employees to ensure transparency and smooth operationalisation of the provisions in this policy.
- 8.2 The Board will review this Corporate Disclosure Policy from time to time to ensure its relevance, practicality and remains consistent with the Board's objectives and responsibilities.

This Corporate Disclosure Policy will be circulated and made available to all present and new directors, officers, employees, consultants and contractors of the Company and its subsidiaries.

A revised version of this Corporate Disclosure Policy will be distributed whenever significant changes are made.

1. DIRECTORS' CODE OF CONDUCT

Board Members are required to observe the Directors' Code of Conduct as follows:-

- 1.1 Compliance at all times with this Code of Conduct and the Board Charter.
- 1.2 Observe high standards of corporate governance at all times.
- 1.3 Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- 1.4 Act in good faith and in the best interests of the Company and Group, and exercise reasonable care, skill and diligence according to the knowledge, skill and experience.
- 1.5 Limit his/her directorship of companies to a number in which he can best devote his time and effectiveness.
- 1.6 Not misuse information gained in the course of duties for personal gain or for political purpose, nor seek to use the opportunity of the service as directors to promote their private interests or those of connected persons, firms, businesses or other organisations.
- 1.7 Uphold accountability at all time. This includes ensuring that the Company's resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all time.
- 1.8 At all times act with utmost good faith towards the Company in any transactions and act honestly and responsibly in the exercise of his/her powers in discharging his/her duties.
- 1.9 Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.
- 1.10 Declaration of any personal, professional or business interests that may conflict with directors' responsibilities. Guidance on declaration and registration of interest is given in the section entitled "Declaration of Interests" below.
- 1.11 Follow the guidance on acceptance of gifts and hospitality as stated in the section entitled "Guidelines on Acceptance of Gifts" below.
- 1.12 Be conscious of the interest of shareholders, employees, creditors and customers of the Company.
- 1.13 At all times promote professionalism and improve the competency of management and employees.
- 1.14 Ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
- 1.15 Ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
- 1.16 Should be more proactive to the needs of the community and to assist in society-related programmes.
- 1.17 Ensure that the activities and the operations of the company do not harm the interest and well-being of society at large and assist in the fight against inflation.

2. DECLARATION OF INTERESTS

2.1 Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary changes in the following:-

- Shareholding in the Company or its related corporations, whether direct or indirect; and
- Directorships or interests in any other corporations.

2.2 In addition to the above, member of the Board who has a material interest, either directly or indirectly through a partner, spouse, children, parents, siblings, close relative and a body corporate which is associated to the directors, in matters being considered by, or likely to be considered by the Board should declare that interest in accordance with the Conflict of Interest Policy and at the Board Meeting. Such declarations should describe the interest clearly and state whether it carries direct or indirect financial or non-financial benefits. This requirement also applies to members of senior management.

2.3 Relevant interests in this context are as follows: -

- Executive and non-executive directorships of, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Company.
- Ownership or part-ownership of, or employment by, business or consultancies likely or possibly seeking to do business with the Company.
- Directorship or ownership in public or private companies which are already dealing with the Company.

3. REGISTER OF INTERESTS

The Code requires that a formal register of interests be established. The register should include details of all directorships and other relevant interests declared by Board Members and members of senior management.

4. CONDUCT IN MEETINGS

Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

5. MEMBERSHIP OF COMMITTEES

Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

6. GUIDANCE ON ACCEPTANCE OF GIFTS

The Company adopted "NO GIFT" policy. Employees, directors or their family members are prohibited from, directly or indirectly, receiving or providing gifts. The Company's personnel shall inform external parties dealing with to adhere Company's "NO GIFT" policy.

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APPENDIX 4 - WHISTLEBLOWING POLICY

1. INTRODUCTION

SERN KOU RESOURCES BERHAD Group of Companies recognises whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in the conduct of its businesses and operations.

Whistleblowing Policy is designed to encourage employees to disclose any malpractice or misconduct of which they become aware and importantly to provide protection for employees who report allegations of such malpractices or misconducts.

2. SCOPE OF POLICY

The policy applies to all employees, suppliers, agents, contractors and customers of the Group. Any whistleblowing employee is protected and any member of public who participate or assist in an investigation will also be protected. Every effort will be made to protect the anonymity of the whistleblower, however there may be situations where it cannot be guaranteed.

The strategies incorporated in this policy aim to address such reporting, responsibility, confidentiality and effective investigation. The purpose is to improve the systems and procedures, changing the attitudes of employee and improving the overall integrity and performance of the Group.

Below are some examples of business misconduct:

- Bribery;
- Anti trust;
- Money laundering;
- Criminal offence;
- Fraud; and
- Corporate misconduct.

3. CONFIDENTIALITY

SERN KOU RESOURCES BERHAD Group of Companies is committed to the protection of genuine whistleblower against detrimental action taken in reprisal for the making of protected disclosures. The Group will take all reasonable step to protect the identity of the whistleblower, in ensuring reprisals are not made against a whistleblower. Subject to the whistleblower is not involved in the malpractice or misconduct, an employee who whistleblows internally shall be protected against any adverse employment actions (discharge, demotion, suspension, harassment, or other forms of discrimination) for raising allegations of business misconduct.

4. DISCLOSURE METHODS

There are many methods by which whistleblowers may make a disclosure:

- from a phone call to report the suspect incidents or cases;
- written disclosure posted to the MD. However, if it is believed that is not possible, then the concern should be reported to the Audit Committee Chairman.

Disclosure of suspected improper activity or detrimental action can be made through formal or informal channels:-

1. Formal

- A personally written formal disclosure;
- A formal meeting with the Managing Director or Audit Committee Chairman;
- A phone call maintaining a sense of formality; or
- A formal email.

2. Informal

- An informal meeting with the Managing Director or Audit Committee Chairman;
- A casual phone call;
- Casual discussion;
- Casual email; or
- Any other communication chosen by the person making the disclosure.

The disclosure report shall be made in good faith with a reasonable belief that the information and any allegation in it are substantially true, and are not made to seek for any personal gains or for malicious purposes.

5. INVESTIGATOR

Upon receipt of the report, the investigation officer appointed by the MD or Audit Committee Chairman shall carry out the investigation immediately.

At the conclusion of the investigation, the investigator will submit a written report of his or her findings to the Audit Committee.

6. ACTIONS

Subsequent to the findings of the investigation, the Audit Committee shall provide a written report to the Board of Directors and remedial steps shall be taken accordingly.

Where the investigation concludes that the disclosed conduct did not occur, the Board will report these findings to the whistleblower.

1. LEVEL AND MAKE-UP OF REMUNERATION

The Group has adopted the objective as recommended by the code to determine the remuneration of the directors so as to ensure that the Company attracts and retains the Directors needed to run the group successfully. This policy and procedures aim to ensure that members of the Board are rewarded fairly for their respective individual contributions to the Group. The component parts of their remuneration structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non- Executive Directors, the level of remuneration reflect the level of responsibilities undertaken by the individual Non-Executive Director concerned.

2. PROCEDURE

The Nomination and Remuneration Committee is responsible for recommending to the Board the policy framework on terms of employment and on all elements of the Directors' remuneration and remuneration package for the Executive Directors. The Nomination and Remuneration Committee is authorised to review and recommend the annual bonus and salary increment of the Executive Directors of the Company. Directors' Remuneration is decided by the Board with the Director concerned abstaining from deliberations and voting accordingly. The Nomination and Remuneration Committee may receive advice from external consultants, if required. It's nevertheless, the ultimate responsibility of the Board to approve the remuneration of these Directors.

3. THE NOMINATION AND REMUNERATION COMMITTEE SHALL:

- 3.1 Ensure that Director, whether executive or non-executive, should abstain from discussion and from participating in decision of their remuneration packages.
- 3.2 Recommend and advise the Board of Directors the remuneration and terms of conditions (and where appropriate, severance payments) of Executive Directors.
- 3.3 Recommend to the Board the level, composition and periodic review of Directors' Remuneration.
- 3.4 Seek comparative information on remuneration and conditions of service in comparable organisations and market practice
- 3.5 When considering severance payments, the Nomination and Remuneration Committee should bear in mind that it must represent the public interest and avoid any inappropriate use of public funds. Care should be taken to avoid determining a severance package that public might deem to be excessive.
- 3.6 Consider that the determination of the remuneration packages of Non-Executive Director (whether in addition to or in lieu of their fees as directors) is a matter for the Board as a whole.

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- 3.7 Review and recommend to the board of any extra remuneration to be paid to any Directors who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director of the Company.
- 3.8 Ensure that fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice concerning the meeting.
- 3.9 Provide the Board with the opportunity to review, prior to implementation, the composition of any management incentive scheme.
- 3.10 Provide the Board with the opportunity, to review, prior to implementation, the nature, composition and eligibility for any employee share option scheme.
- 3.11 Carry out other responsibilities, functions or assignments as may defined by the Board from time to time.

4. DIRECTORS' REMUNERATION PACKAGE

The remuneration package of the Directors is as follows:

4.1 Basic Salary

The basic salary for the Executive Directors is recommended by the Nomination and Remuneration Committee, taking into account the individual performance, the consumer price index and information from independent sources on the rates of salary for similar positions in other comparable companies. The salary is reviewed annually. The salary payable pursuant to a contract of service need not be determined by the Company in general meeting but such salary and emoluments may not include a commission on or percentage of turnover of the Company.

4.2 Fees

- 4.2.1 The Directors shall be paid by way of fees for their services, such fixed sums (if any) as shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provide) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office.
- 4.2.2 The fees payable to Non-Executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

4.3 Bonus Scheme

The Group operates a bonus scheme for all employees, including the Executive Director. The criteria for the scheme is dependent on the level of profits achieved from certain aspects of the Group's business activities as measured against targets, together with an assessment of each individual's performance during the period. Bonuses payable to the Executive Director are reviewed by the Nomination and Remuneration Committee and approved by the Board.

4.4 Benefits-in-kind

Other customary benefits (such as private medical cover, car, etc) are made available to Directors as appropriate.

4.5 Pension Arrangements

The Executive Director contributes to the Employees Provident Fund, which is the national mandatory contribution plan.

4.6 Service Contract

The contract of service for Managing Director and Executive Director is reviewed and recommended by the Nomination and Remuneration Committee to the Board for approval.

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APPENDIX 6 - DIVERSITY POLICY FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

1. INTRODUCTION

- 1.1** The Board of Directors (the “Board”) and the Nomination and Remuneration Committee (“NRC”) of Sern Kou Resources Berhad (“SKRB” or the “Company”) recognise and embrace the benefits of having a diverse organisation and view increasing diversity at the Board and Senior Management level as an essential element for a well-functioning leadership.
- 1.2** The Diversity Policy for the Board and Senior Management (the “Policy”) reflects the Company’s commitment to promote diversity and inclusion for the Board and Senior Management. The Policy sets out the guiding scope and policies and practices which underpin the Company’s approach to instituting a diverse Board and Senior Management team.

2. PRINCIPLES AND OBJECTIVES

- 2.1** The Group strictly adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which includes the selection of both the Board members and Senior Management. The Board encourages a dynamic and diverse composition of board members and Senior Management by nurturing suitable and potential candidates equipped with competency, skills, experience, good character, time commitment, integrity and other qualities in meeting the future needs of the Company.
- 2.2** The objectives of this Policy are to have a Board and Senior Management which:
- are characterised by a broad range of viewpoints rather than just diversity in skills and experience; diversity in viewpoints would exist if there are diversity in gender, nationality, age, culture and socio- economic backgrounds; and
 - have sustainable development as their core value, thus promoting the interests of all our stakeholders, particularly the long- term interests of our shareholders, fairly and effectively.

3. SCOPE & POLICIES

- 3.1** The Board considers that the concept of diversity incorporates a number of different aspects, such as professional experiences, business experiences, skills, knowledge, gender, age, ethnicity and educational background.

3.1.1 Board Mix

The Board shall include a balanced composition of Executive, Non-executive and Independent Non-Executive Directors to promote a strong element of independences in the Board. The Independent Non-Executive Directors shall be of sufficient caliber and standing, for their views to carry weight.

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3.1.2 Skills and Experience

The Board and Senior Management shall possess a balance of appropriate skills for the requirements of the business of the Company. The Directors and Senior Management shall have a mix of financial, legal, management and other backgrounds which when working in synergy, could provide the Company with considerable experience in a wide range of activities.

3.1.3 Gender

The Board shall, whenever possible, comprise at least 30% women Directors to bring in a diversity of perspectives during the deliberation process.

The Board should cultivate a diverse and inclusive culture across the Company by introducing progressive human capital strategies on the Board and Senior Management to support the participation of women on the Board and Senior Management.

3.1.4 Ethnicity/Nationality

The Company aspires to have a board of directors and Senior Management of different nationality or ethnic backgrounds who can contribute their knowledge and understanding of the business, industry and environment.

3.1.5 Age

The Board is fully committed to promote age diversity, valuing the contribution of both the board members and Senior Management regardless of age, and seeks to eliminate age stereotyping and discrimination.

4. MEASURABLE OBJECTIVES

4.1 This Policy framework for the Group is aimed towards achieving the following objectives:

4.1.1 Selection of candidates will be based on a range of diversity perspectives, including but not limited to, professional experiences, business experiences, skills, knowledge, gender, age, ethnicity and educational background. The ultimate decision will be based on merit and contributions that the selected candidates will bring to both the Board and Senior Management. The Board's composition (including gender, ethnicity and age) will be disclosed in the Corporate Governance Report annually.

4.1.2 The Board acknowledges the importance of promoting gender diversity. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

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MANAGEMENT

5. MONITORING AND REPORTING

5.1 Pursuant to the Term of Reference, the NRC is (among other things) responsible for:

- reviewing, recommending and considering candidates to the Board and committees of the Board;
- assessing the effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual Directors and performances of the Senior Management on an on-going basis; and
- assessing the balance of the Board membership and determining the core competencies and skills required for the Board.

5.2 The NRC shall report to the Board on:

- initiatives undertaken by the Board in relation to diversity of the board and Senior Management and to achieve the Measurable Objectives;
- progress in achieving the Measurable Objectives; and
- recommendations regarding Measurable Objectives.

5.3 The Board shall, at least annually, assess:

- Measurable Objectives; and
- the progress in achieving the Measurable Objectives.

The Board will ensure that appropriate disclosures are made in the Annual Report regarding the diversity of the Board of Director and Senior Management.

1. INTRODUCTION

To develop a formal set of terms of appointment for Directors and MD.

2. OBJECTIVE

To have clear terms of appointment for Directors and MD which defines scope of responsibility and accountability, tenure, retirement age, performance goals, misconduct and termination clause among others.

3. PROCEDURE FOR APPOINTMENT FOR THE BOARD AND GROUP MD

3.1 Recruitment

- a) Recruitment of the Board and MD can be sourced out from internally or externally.
- b) Internal sources:
 - Internal nomination from Succession Planning
 - Nomination from Internal Talent Pool
- c) External sources:
 - Head Hunting
 - Referral

3.2 Procedures for Nomination

- All nominations of candidates including for the positions of Chief Financial Officer or Chief Operating Officer, must be submitted to the Nomination and Remuneration Committee for consideration.
- Chairman of the Nomination and Remuneration Committee to recommend to the Board, based on the established “Fit and Proper” standards.
- Board of Directors deliberate on the recommendation and approve the appointment of MD/ Directors, subject to the provisions in the Constitution, Main Market Listing Requirements and Companies Act 2016.

3.3 Re-election

- All directors are required to submit themselves for re-election at regular intervals, subject to the provisions in the Constitution, Main Market Listing Requirements and Companies Act 2016.

3.4 Negative List

- Practicing accountant may be appointed as directors provided they are not employed/partners in an accounting firm, which has been engaged to conduct audit or consultancy work at the Company.
- Practicing lawyers who are partners in a legal firm, which is on the panel of lawyers of the Company (and not receiving remuneration on a regular basis), may be appointed to the board. The lawyers are required to disclose the relationship with the Company on the onset to avoid potential issues of conflict of interest.
- Individuals who are active in politics cannot be appointed as directors in order to avoid the risk of politicians encountering conflicts of interest situations in serving their constituencies. A person is considered to be politically active if he is a Member of Parliament or an State Assemblyman.

3.5 Disqualification of Directors and MD

- Nomination and Remuneration Committee is responsible for assessing on an annual basis, that the directors and key senior management officers are not disqualified under the Companies Act 2016 and other regulations and continue to comply with the “Fit & Proper” standards and recommend to the Board the removal of Director/Senior Management if they are ineffective, errant or negligent in discharging their responsibilities.

3.6 Others

- Before any appointment by the Board, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge, experience and diversity in the Board, and the current and future needs and size of the Company.

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BOARD CHARTER
APPENDIX 8 - SUCCESSION PLANNING POLICY

1. INTRODUCTION AND OBJECTIVES

- 1.1 The primary objective of the Succession policy is to ensure the Sern Kou group of companies' ("Sern Kou") continuity in leadership for all key positions.
- 1.2 Succession planning is an ongoing process designed to ensure that Sern Kou identifies and develops a talent pool of employees through monitoring, training and job rotation for The Managing Director or Key Senior Manager leave their position due to retirement, resignation, death or new business opportunities

2. ROLES AND RESPONSIBILITIES

- 2.1 Both the Board and the MD have pivotal roles to play in succession planning
- 2.2 The Board is responsible for succession planning for the Board member, MD and ED position. The Board should hire or internally promote the new MD/ED when the position becomes vacant, and ensure that the new MD/ED has the required skills to implement the Group's mission and vision.
- 2.3 The Board should ensure the Group is prepared with an interim solution when the key position becomes vacant unexpectedly.
- 2.4 The MD/ED is responsible for ensuring a succession plan is in place for other key position in the Group with assistance from the senior management team and implicated employees

3. SUCCESSION PLANNING PROCESS

- 3.1 A primary responsibility of the Board is planning for MD/ED succession and overseeing the identification and development of executive talent.
- 3.2 The Board, with the assistance of the Nomination Committee and working with the MD and Human Resource department, oversees executive officer development and corporate succession plan for the MD.
- 3.3 The Board works with the MD to form the succession plan. The succession plan covers identification of internal candidates, development plans for internal candidates, and appropriate identification of external candidates.
- 3.4 The Board reviews the succession plan annually
- 3.5 The Board maintains an emergency succession contingency plan should an unforeseen event such as death or disability occurs that prevents the key positions from continuing to serve. The plan identifies the individuals who would act in an emergency and their responsibilities
- 3.6 The Board may review development and succession planning more frequently as it deems necessary.

4. KEY SUCCESS FACTORS

- 4.1 The supportive from the Board, MD together with senior management is crucial in the succession planning process. This will give all employees an understanding on the emphasis of importance of succession planning to the Company.

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- 4.2 To establish a clear profile of the key positions, the profile should align with the overall company strategy and positioning in the marketplace, as well as factors such as current economic conditions and disruptive industry trends.
- 4.3 The succession plan should be reviewed and updated regularly to ensure that the Company has reassessed its hiring needs and determined the development progress of the selected candidates.

5. REVIEW OF POLICY

- 5.1 This Policy should be reviewed annually by the Board and amended accordingly to reflect its applicability.

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BOARD CHARTER
APPENDIX 9 - ANTI-BRIBERY AND ANTI-CORRUPTION POLICY (“ABAC POLICY”)

1. ANTI-BRIBERY AND ANTI-CORRUPTION POLICY STATEMENT

Sern Kou Resources Berhad and its subsidiaries companies (collectively, the “SKRB”) is committed to:

- (i) practice the highest level of integrity and ethics
- (ii) comply fully with the applicable laws and regulatory requirements on anti-corruption
- (iii) (manage the key corruption risks of the Company effectively.

SKRB believes that bribery, corruption and corrupt practices have detrimental impact not only on business by undermining good governance and distorting free markets but in larger spectrum damage societal setup economically.

SKRB has adopted a zero-tolerance approach against all forms of bribery and corruption. Employees who refuse to pay bribes or participate in acts of corruption will not be penalised even if such refusal may result in losing business.

2. SCOPE

This policy applies to all Directors and employees of the SKRB. It also applies to the officers, consultants, supplier, subcontractors, agents or any other person associated with or acting on behalf of the Group whereby compliance is required under the applicable laws.

3. CONFLICTS OF INTEREST

Conflict of Interest means when a person’s own interests either influence, have the potential to influence, or are perceived to influence their decision making at SKRB.

Employees and directors shall avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealings between SKRB and external parties.

In situations where a conflict does occur, personnel shall declare the matter to Administrative Department and management.

4. GIFTS, ENTERTAINMENT, HOSPITALITY AND TRAVEL

“**Corporate Gift**” means something given from one organisation to another, with the appointed representatives of each organisation giving and accepting the gift. Corporate gifts may also be promotional items given out equally to the general public at events, trade shows and exhibitions as a part of building the Company’s brand. The gifts are given transparently and openly, with the implicit or explicit approval of all parties involved. Corporate gifts normally bear the Company name and logo. Examples of corporate gifts include items such as diaries, table calendars, pens, notepads and plaques.

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“**Hospitality**” means the considerate care of guests, which may include refreshments, accommodation and entertainment at a restaurant, hotel, club, resort, convention, concert, sporting event or other venue such as Company offices, with or without the personal presence of the host. Provision of travel may also be included, as may other services such as provision of guides, attendants and escorts; use of facilities such as a spa, golf course or ski resort with equipment included;

SKRB adopted “NO GIFT” policy. Employees, directors or their family members are prohibited from, directly or indirectly, receiving or providing gifts. SKRB personnel shall inform external parties dealing with to adhere Company’s “NO GIFT” policy.

Accepting/ providing a gift on behalf of SKRB is allowed only in very limited circumstances and shall get approval from ED/MD, personnel shall declare the gift receiving and providing to Administrative Department.

The approval shall exercise proper care and judgement to ensure that the following conditions are taken into account:

- (i) Do not have or are perceived to have (by either the giver or the receiver), any effect on actions or decisions.
- (ii) Independent business judgment of the intended recipients not affected.
- (iii) No corrupt / criminal intent involved;

SKRB directors and eligible employees shall always exercise proper care and judgment when providing entertainment and hospitality to third parties especially when it involves public officials to ensure compliance with anti-bribery and corruption laws.

5. DONATIONS AND SPONSORSHIPS, POLITICAL DONATIONS

“Donation & Sponsorship” means charitable contributions and sponsorship payments made to support the community. Examples include sponsorship of educational events, supporting NGOs, and other social causes;

SKRB prohibits the giving and receiving of donations and sponsorships used as a subterfuge for bribery and/or influence company’s business decisions.

All donation & sponsorship made shall comply with the following :-

- (i) authorised by Managing Director (“MD”)
- (ii) allowed by applicable laws
- (iii) made to well-established organisations

SKRB does not make or offer political contributions to political parties.

6 FACILITATION PAYMENTS

Facilitation Payments means small sums, unofficial payment made to secure or expedite a routine government action by a government official.

SKRB’s personnel shall not offer, promise, give, request, accept or receive anything which might reasonably be regarded as a facilitation payment. The personnel must report it to the Head of Department or Executive Director (“ED”)/MD in the following event:-

- i) the personnel receive a request or offered facilitation payments
- ii) if a payment has been made and personnel are unsure of the nature.
- iii) A payment made in the good faith belief that life, health or safety may be in imminent danger is not a Facilitation Payment but must be reported as noted above and recorded in accounts

7 REPORTING OF VIOLATION AND WHISTLEBLOWER POLICY

Any concerns, questions or reports should be addressed to their immediate Head of Department or Administrative Department and Internal Audit. Any party who have concern with regards to any malpractices or breach of SKRB ABAC policy can lodge their concern via a dedicated whistleblowing channel which will be evaluated and investigated independently. Protection to whistleblower as well as the SKRB’s Whistleblowing Policy is available at corporate website. (<https://www.sernkou.com/sernkougroupp/wpcontent/uploads/2020/02/whistleblowing-policy.pdf>)

8 SANCTION FOR NON-COMPLIANCE

SKRB regards bribery and acts of corruption as serious matters. Non-compliance may lead to disciplinary action, up to and including termination of employment. Further legal action may also be taken in the event that the Group’s interests have been harmed as a result of non-compliance.

For external parties, non-compliance may lead to penalties including termination of contract. Further legal action may also be taken in the event that SKRB’s interests have been harmed by the results on non-compliance by individuals and organisations.

9 COMPLIANCE AND CONTINUOUS IMPROVEMENT

Top management of SKRB shall review and assess this policy in periodic basis to ensure its scope, policies, procedures and controls match the bribery and corruption related risks faced by the Company. Employees and directors will be fully informed of any material revisions to this policy.

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Any concerns on the improvement of this policy can be channeled to Administrative Department.

10. RECORD KEEPING

All financial and non-financial records and documentation relating to dealing with third parties should be prepared and maintained.

11. TRAINING AND AWARENESS

| | | | |
|------|--------------------|---|--|
| (i) | Existing personnel | : | SKRB shall conduct an awareness programme for all its personnel on how to implement and adhere to SKRB ABAC policy. All existing personnel will be fully informed of any material updates to this policy. |
| (ii) | New employees | : | Training on SKRB ABAC policy shall forms part of the orientation process for all new employees. |

1. INTRODUCTION

- 1.1** Sern Kou Resources Berhad (“the Company”) and its subsidiaries (collectively referred to as “the Group”) recognise and are committed to maintaining, observing and practicing high ethical standards of professionalism and integrity at all times in respect of its business and operations.
- 1.2** Proper identification and management of conflicts of interest ensures that business decisions are made in the best interests of the Company and the Company is protected from any consequent damage to its activities and reputation. The Directors and Key Senior Management of the Group are expected to conduct themselves with integrity, impartiality and professionalism at all times to discharge their duties in a professional, honest and ethical manner at all times, and to avoid any conflict or potential conflict between their personal interests and the Group’s interest.
- 1.3** The establishment of a Conflict of Interest Policy (“Policy”) which sets out the framework and appropriate controls and measures to ensure systematic identification and management of such conflict of interest or potential conflict of interest in an effective and timely manner is therefore important in order to ensure that the interest of the Group are protected and that any situation which could give rise to a conflict of interest or potential conflict of interest is properly reported and managed.

2. PURPOSE

The purpose of this Policy is to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively. Its function is to provide guidance on how to identify, declare and deal with conflict of interest or potential conflict of interest situations as they arise and protect the interest of the Group, while assisting the Directors and Key Senior Management how to develop, implement and monitor actions to appropriately manage the conflict, and how to deal with breaches of this Policy to enable them to perform with high integrity and ethical standards.

3. SCOPE

This Policy applies to all Directors and Key Senior Management of the Group. It outlines the framework and the processes for the purposes of preventing any conflicts from influencing or compromising the objectivity and impartiality of the business operations, as well as to safeguard the reputation and credibility of the Company. It also serves as a guide to the Audit Committee (“AC”) and Board of Directors (“Board”) of the Company in discharging their role, which is to provide oversight and review the conflict of interest situations that arose, persist or may arise within the Group.

This Policy applies whenever an individual recognises, or should reasonably recognise, that a conflict of interest or potential conflict of interest may arise from their current or future activities. Meanwhile, the Key Senior Management refers to Managing Director and/or Chief Executive Officer who is not a Director, Chief Operation Officer, Chief Financial Officer and/or any other person primarily responsible for the management of the subsidiaries.

4. REFERENCE

This Policy shall be read in conjunction with the following guidance, policies and statutory provisions:-

- a. Anti-Bribery and Anti-Corruption Policy;
- b. Directors' Code of Conduct;
- c. Related Party Transaction Policy;
- d. Whistleblowing Policy;
- e. Paragraphs 3.05 & 3.06 of Guidelines on Conduct of Directors of Listed Corporations and its subsidiaries;
- f. The statutory duties and responsibilities of directors under the relevant provisions as set out under Sections 214, 217 to 219, 221, 222 and 228 of the Companies Act 2016; and
- g. Issuers Communication – Guidance on Conflict of Interest (ICN 1/2023) issued by Bursa Malaysia Securities Berhad on 26 May 2023.

5. SITUATIONS THAT MAY GIVE RISE TO CONFLICT OF INTEREST OR POTENTIAL CONFLICT OF INTEREST

The Directors and Key Senior Management of the Group should pay attention to the following situations to avoid any actual or potential conflict of interest:-

5.1 Equity ownership or participation in other organisations and/or entities

This is where a Director or Key Senior Management holds shares or equity ownership in other entities or other organisations, and in particular where they are having a business relationship with the Group, either directly or indirectly (e.g. through a family member). This does not apply to shares held in public listed/quoted companies which have a business relationship with the Group, unless such holding is considered to be material (5.0% or more) and the interest is likely to impair the objectivity of a Director and/or Key Senior Management concerned.

5.2 Directorship, partnership or other forms of interest in entities having a business relationship with the Group

This applies to situations where a Director or Key Senior Management holds a position or has an interest in entities having a business relationship with the Group, which may lead to disclosure of confidential information obtained by reason of being a Director or Key Senior Management of one company to another company of which he/she is also a Director or Key Senior Management, including financial interest in any of the Group's projects, contracts, sale, transactions, or other business dealing or have family members, close relatives or associates with such interests.

5.3 Other employment, business appointments or undertakings

A conflict of interest or potential conflict of interest may arise where a Director or Key Senior Management holds other part time employment or have other business appointments, opportunities or undertakings which may interfere with the proper discharge of official duties in the Group, resulting in a negative impact on their performance or give rise to conflict of interest or potential conflict of interest with regards to their employment.

The Directors and Key Senior Management are expected to devote their time, attention and commitment during the performance of their duties. A conflict of interest or potential conflict of interest may also arise where the participation in any outside business interest or any non-business activity requires excessive time and attention from the Directors and Key Senior Management, thereby depriving the Director and Key Senior Management best effort and performance on the job.

5.4 Personal relationships

A conflict of interest or potential conflict of interest would exist if a family member of the Directors and Key Senior Management have a reporting relationship with the Directors or Key Senior Management.

A conflict of interest would also arise if a Director or Key Senior Management has a family member with an interest (e.g. in the form of ownership, directorships, partnerships, employment, etc) in entities or organisations which have a contractual arrangement with the Group.

5.5 Contractual dealings with Directors or Key Senior Management

This refers to situations where the Group purchases or leases property, equipment, materials, etc from Directors or Key Senior Management, or enters into contractual arrangements with Directors or Key Senior Management (other than employment contracts). Such situations give rise to a conflict of interest and should be declared.

5.6 Dealings with competitors

If a Director, Key Senior Management or family member of a Director or Key Senior Management has financial or other interests or any involvement in the business of a competitor, or holds a directorship in a competitor, such a situation would give rise to a conflict of interest or potential conflict of interest. This does not apply to the holding of publicly quoted shares of competitor companies, unless such holding is considered to be material (5.0% or more) and the interest is likely to impair the objectivity of the Directors or Key Senior Management concerned.

If a Director or Key Senior Management has accepted employment with a competitor, this could also result in a conflict of interest during the period which he/she is still employed with the Group, especially if the Director or Key Senior Management are dealing with sensitive or confidential information. As such, the conflict of interest or potential conflict of interest must be declared immediately upon acceptance of employment with the competitor to enable the Group to take the necessary actions to manage the conflict of interest or potential conflict of interest.

5.7 Involvement in activities where the Director or Key Senior Management concerned is the subject matter

A conflict of interest or potential conflict of interest arises if a Director or Key Senior Management participates in activities where he/she is the subject of the discussion or where the decision involves him/her. An example of this situation is where an allegation is made against a Director or Key Senior Management through the whistleblowing channel, and the Director or Key Senior Management is part of the investigating team tasked with investigating the allegation.

For the purpose of this Policy, “family member” refers to a spouse, parents, child (including adopted child and step child), brother, sister, spouse of the Director and Key Senior Management’s child, brother or sister.

“conflict of interest” is referred to a situation in which a person has competing interests and the serving of one interest could improperly influence (direct or indirectly) the performance of duties and responsibilities, and which may be at the detriment and/or personal to another. Conflict of interest includes actual, potential, or perceived conflict of interest.

6. GUIDING PRINCIPLES

- 6.1** All Directors and/or Key Senior Management shall act in the best interest of the Group and in the event of any conflict between his/her duty to act in the best interest of the Group and his/her personal interest, he/she shall not subordinate his/her duty to act in the best interest of the company against his personal interest.
- 6.2** All Directors and/or Key Senior Management shall refrain and avoid placing themselves in a position of conflict of interest and where this is unavoidable, the Directors or Key Senior Management should make the relevant declaration.
- 6.3** In respect of directorship/employment with other organisations/entities, exceptional consideration will be taken in relation to this where such directorship/employment/arrangement relates to family businesses or companies including unincorporated entities such as social or community related clubs or associations and Companies Limited by Guarantee (“CLBG”).
- 6.4** All Directors and Key Senior Management must not make use of his/her position in the Group to influence a business decision by the Group that may result in personal gain or benefit to the Director or Key Senior Management, their family member or persons connected to them.

7. MANAGING CONFLICT OF INTEREST

- 7.1. It is the duty of the Directors and/or Key Senior Management's fiduciary duty to avoid conflict of interest and comply with the relevant guidelines in respect of their fiduciary duties.
- 7.2. A Director and/or Key Senior Management, who having an interest either directly or indirectly or whether actual or potential, in any transaction or arrangement with the Group, or holding any office or possessing any property where duties or interests as Director may be created in conflict with his duties or interests as Director of the Group shall as soon as practicable after the facts have come to the Director's knowledge, or, after becoming director or possessing the property (as the case may be), declare the nature, character and extent of the Director's interest and conflict to the AC via the "*Conflict of Interest or Potential Conflict of Interest Declaration Form*" as set out in Appendix of this Policy.
- 7.3. The AC shall review the declaration make by the Director and/or Key Senior Management and propose the course of action to take to manage the conflict as well as to mitigate the impact of the conflict on the decision making process.
- 7.4. When a determination has been made that there is a conflict of interest arose, persist or may arise, the AC must report and make recommendations to the Board to direct the conflicted party(ies) to, but not limited to the following:
 - a) Withdraw from all his/her executive involvement in the Group in relation to the matter that has given rise to the conflict of interest.
 - b) The conflicted Director shall not attend Board meetings and participate in any discussion while the transaction or arrangement is being considered during the Board meeting and shall not vote on the transaction or arrangement or proposed transaction or arrangement. The conflicted Director can however be counted to meet the quorum at the Board meeting save where the sole agenda at the meeting relates to the aforementioned transaction or arrangement.
 - c) The conflicted Director may however at the request of the Chairman of the Board be present at the Board meeting to answer any questions. In circumstances where a party is determined to have a significant, ongoing and irreconcilable conflict of interest with the Group, the AC may determine that resignation of the conflicted party from the Group is appropriate and necessary.

- 7.5 The Company Secretary shall record in the minutes the details of the conflict of interest that has arisen, the declaration by the conflicted Directors and the fact that the conflicted Director was requested to leave the Board Meeting for discussion of the matter of issue. In cases, where the declaration is made outside of meeting times, the disclosure will be documented in the minutes of the subsequent meeting.
- 7.6 The semi-annual declaration form of conflict of interest by Director and/or Key Senior Management will be maintained by the Company Secretary.

8. DISCLOSURE REQUIREMENT AND PROCEDURES

- 8.1** All Directors and/or Key Senior Management are required to make a declaration by completing the Conflict of Interest or Potential Conflict of Interest Declaration Form (Appendix I) as and when the conflict of interest or potential conflict of interest situation arises at the earliest opportunity, i.e., as soon as the Director or Key Senior Management becomes aware of the conflict of interest or potential conflict of interest.
- 8.2** The Declaration Form must be forwarded to the Company Secretary and the Company Secretary will escalate the Declaration Form to the AC and the Board of Directors for review and assessment. The AC will determine and provide reasonable steps and measures to manage, resolve or eliminate the conflict of interest or potential conflict of interest and mitigate the impact of the conflict of interest or potential conflict of interest on the negotiation/discussion/decision making process. The decision must ultimately be approved by the Board of Directors.
- 8.3** The conflicted Directors and/or Key Senior Management must abide and comply to the AC and Board of Directors' decision.
- 8.4** Any information disclosed under this Policy shall be strictly confidential.
- 8.5** The Declaration Form duly completed and signed by Director and/or Key Senior Management must be retained by the Company Secretary for safekeeping and record.
- 8.6** To further strengthen the actual and/or potential conflict of interest disclosure process, all Directors and/or Key Senior Management are required to make an annual declaration of the conflict or interest or potential conflict of interest by completing the Conflict of Interest or Potential Conflict of Interest Declaration Form (Appendix I).

9. EXCEPTION TO THE POLICY

This Policy shall not apply to an arrangement or transaction by an entity within the Group (i) and any of its wholly-owned subsidiaries; (ii) and its holding company which holds all the issued shares of the entity within the Group; or (iii) which is a wholly-owned subsidiary of a holding company and another wholly-owned subsidiary company of that same holding company.

10. BREACH OF POLICY

Directors and/or Key Senior Management are obligated to adhere to all COI requirements as stipulated in this Policy along with any requirements set forth by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or other relevant regulatory guidelines.

Any breach or non-compliance with this Policy will be subject to appropriate internal disciplinary action and applicable civil and criminal liability.

11. POLICY REVIEW

This Policy will be subject to review and revision from time to time as and when the need arises.

This Policy has been adopted by the Board of Directors and shall come into force with effect from 1 October 2024.

SERN KOU RESOURCES BERHAD

Registration No. 200001016496 (519103-X)

(Incorporated in Malaysia)

**CONFLICT OF INTEREST OR POTENTIAL CONFLICT OF INTEREST
DECLARATION FORM**

Ref. No. : _____

I,..... do hereby solemnly and sincerely declare that :-

- (i) I confirm that I have read and understood the "Conflict of Interest Policy" of Sern Kou Resources Berhad ("SKRB");
- (ii) I agree to comply with its requirements;
- (iii) I understand that I owe a fiduciary duty of care to act in the best interests of the SKRB Group and in accordance with its constitutional objects;

and I hereby declare an actual/potential conflict of interest as follows:

**CATEGORIES OF CONFLICT OF INTEREST OR POTENTIAL CONFLICT OF INTEREST OR
PRECEIVED CONFLICT OF INTEREST**

| No | Situation of Conflict of Interest, Potential Conflict of Interest or Perceived Conflict of Interest | Please indicate with a tick (/) | |
|----|--|---------------------------------|----|
| | | Yes | No |
| 1 | Equity ownership in entities having a business relationship with the Group | | |
| 2 | Directorship, partnership or other forms of interest in entities having a business relationship with the Group | | |
| 3 | Other employment, business appointments or undertakings | | |
| 4 | Personal relationships | | |
| 5 | Contractual dealings with Director or Key Senior Management | | |
| 6 | Dealings with competitors | | |
| 7 | Involvement in activities where the Director or Key Senior Management concerned is the subject matter | | |

***DETAILS OF CONFLICT OF INTEREST OR POTENTIAL CONFLICT OF INTEREST**

SERN KOU RESOURCES BERHAD [Registration No. 200001016496 (519103-X)]
APPENDIX 10 -CONFLICT OF INTEREST POLICY

Appendix 1

*Note: *Please provide comprehensive details regarding your interests such as the type of interest, the company name, number of shares, percentage of shareholding, the nature of the relationship, value of transactions, or/and any other pertinent information that are applicable. Additionally, kindly furnish the corresponding supporting documents or materials as needed.*

I hereby confirm that this is a complete and full disclosure of all known conflicts of interest or potential conflict of interest or perceived conflict of interest I have with regard to the position I hold in SKRB Group to the best of my knowledge. I acknowledge and agree to comply with, any approach identified in this form for removing or managing an actual/potential conflict of interest.

Name :
Position :
Date of Declaration :

Approved by:

Name :
Chairman of Board of Directors
Date :