



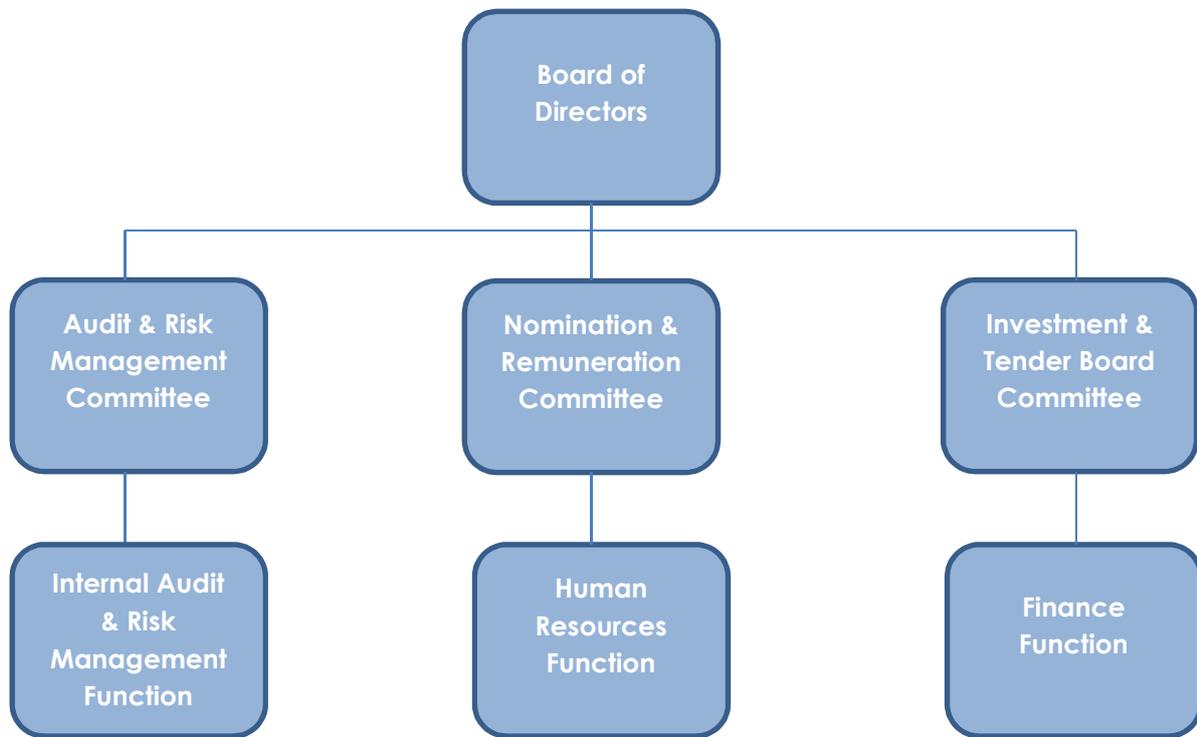
SERBA DINAMIK GROUP BERHAD

BOARD CHARTER

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1. ILLUSTRATION



2. INTRODUCTION & PURPOSE OF BOARD CHARTER

The Board of Directors ("Board") is responsible for the proper stewardship of Serba Dinamik Group Berhad ("SDGB") and its subsidiaries (collectively the "Group") and is entrusted with leading and overseeing the business of the Group, which includes optimizing long-term financial returns and shareholder wealth creation.

The Board Charter aims to assist the Directors to better appreciate their roles and responsibilities, provide guidance including appropriate performance frameworks for measuring the performance of the Board as a whole as well as the contribution of each Director. It is hoped that with an appropriate understanding of its role and a framework for measuring performance, the Board will be better equipped to meet its responsibility of ensuring the long-term objectives of the Group are met.

The Board Charter is prepared in accordance to compliance with the Malaysian Code on Corporate Governance 2012 ("MCGG 2012") which was issued by the Securities Commission Malaysia on March 2012.

3. INTERPRETATION

In this Charter:

“Articles” means the Articles of Association of the Group;

“Alternate Director” means the alternate member of the Board;

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

“Board Committees” means the Audit & Risk Management Committee, Nomination & Remuneration Committee, Investment & Tender Board Committee and any other Board Committee as may be established by the Board from time to time as it may deemed fit & necessary;

“Bursa Securities” means Bursa Malaysia Securities Berhad;

“Business” means the business of the Group;

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

“GCEO” means Group Chief Executive Officer;

“Group Secretary” means the Board secretary appointed by the Board;

“Director” means a member of the Board;

“Independent Director” is as defined in the Listing Requirements;

“Listing Requirements” means the Main Market Listing Requirements of Bursa Securities;

“Management” means the management personnel of the Group;

“MCGG 2012” means the Malaysian Code on Corporate Governance 2012;

“Shareholders” means the shareholders of the Group;

“TOR” means Term of Reference.

4. OVERVIEW OF BOARD RESPONSIBILITIES

The principal responsibilities of the Board are as follows:

- Reviewing and adopting a strategic plan for the Group

The role of the Board is to review, challenge and approved management's proposal on a strategic plan of the Group, which include overall corporate strategy, marketing plan, human resources plan, information technology plan, financial plan, budget, regulations plan and risk management plan.

- Overseeing the conduct of the Group's business

A basis function of the Board is to oversee conduct of the business and performance of management in order to determine whether the business is being properly managed.

- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Board must understand the principal risks of all aspects of the Group's business and ensure that there are systems in place which effectively monitor and manage these risks;

- Succession Planning

The Board should ensure that all candidates appointed to senior management positions are sufficient caliber and shall be responsible on appointing, training, fixing the remuneration of, and where appropriate, replacing key management;

- Overseeing the development & implementation of a shareholder communications policy for the Group

The responsibility of the Board is to ensure that the Group has in place a policy to enable effective communication with its shareholders and other stakeholders.

- Reviewing the adequacy and the integrity of the management information and internal controls system of the Group

The Board has to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.

In carrying out the principal responsibilities of the Board, each Director shall do the following:

- Attend all Board meetings but where attendance at meetings is not possible, ensure that appropriate steps are taken to obtain a leave of absence;
- Acquire knowledge about the business of the Group, the statutory and regulatory requirements affecting the effective discharge of their duties to the Group, and be aware of the physical, political and social environment in which the Group operates;
- Study in advance all information and documentary materials provided and be prepared to discuss their contents at Board meetings;
- Assist the Chairman in providing the Group with effective leadership;
- Be available to advise management between Board meetings as and when necessary;
- Participate actively and to effectively contribute to Board discussions towards meeting the duties and responsibilities of the Board as outlined herein and in the respective TOR of Board Committees (where applicable);
- Always be alert of potential conflicts of interest that may affect the performance of his or her fiduciary duty towards the Group and seek to avoid these potential conflicts wherever possible. Any interest, actual or perceived (direct or indirect) should be declared to the Board as soon as possible; and
- Act honestly, in good faith and in the best interest of the Group as a whole, using due care and diligence in fulfilling his or her responsibilities, and exercising the powers attached to that office.
- Directors should consult the Chairman and / or the Group Secretary for any clarification on their responsibilities and duties and on any dealing from where a potential conflict of interest situation may arise.

5. BOARD STRUCTURE

a) Board Balance & Composition

- The composition of the Board is to reflect the duties and responsibilities it has in discharging and performing its responsibilities. The composition of the Board shall reflect as much as possible or practicable, proportional representation of various investors in the Group. A Director is not required to hold any qualification share in the Group.
- The Articles of Association of the Group provide for a minimum of 2 and a maximum of 12 Directors. Pursuant to the Listing Requirements, the Group must ensure that at least 2 Directors or 1/3 of the Board, whichever is the higher, are Independent Directors.
- In accordance with Articles of Association of the Group, at each annual general meeting, 1/3 of the directors for the time being, or if their number is not a multiple of 3, then the number nearest to 1/3 with a minimum of one, shall retire from office and an election of directors shall take place provided always that each director shall retire from office at least once in every three years but shall be eligible for re-election. The directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment. A retiring director shall be eligible for re-election.
- The directors shall have power at any time and from time to time to appoint any person to be a director either to fill a casual vacancy or as an additional director, provided that the total number of directors shall not at any time exceed the maximum number of fixed by or in accordance with Articles of Association of the Group. Any director so appointed shall hold office only until the next Annual General Meeting ("AGM") and shall then be eligible for re-election, but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.
- As recommended under the MCCG 2012, the tenure of an Independent Director of the Group should not exceed a cumulative term of 9 years. The nine-year period can either be based on a consecutive service basis or a cumulative basis with intervals.

- In the event the Board wishes to maintain the directorate of an Independent Director beyond the 9-year limitation period, the Board must justify and seek specific Shareholders' approval on the matter at the Group's general meeting. If Shareholders' approval is not obtained, upon completion of the nine-year period, an Independent Director may still continue to serve on the Board but subject to him/her being re-designated as Non-Independent Director.
- The Board supports the gender boardroom diversity as recommended under the MCCG 2012. The Board through the Nomination & Remuneration Committee will review the appropriate proportion of female to male Directors on the Board at the time of considering appointment of new Directors to the Board.
- Apart from gender boardroom diversity, the Board supports diversity in ethnicity and age. The Board through the Nomination & Remuneration Committee will review the appropriate proportion of the age group and ethnicity of Board members at the time of considering appointment of new Directors to the Board.
- Directors shall not hold directorships in more than 5 public listed companies at any one time subject to amendment(s) that may be made to this limitation by Bursa Securities from time to time. Before accepting any new directorship, a Director shall first notify the Chairman of the Board and the notification shall include an indication of time that the said Director will spend vis-a-vis the new appointment.

b) New Board Member

- Newly appointed directors shall be briefed on the terms of their appointment, their duties and responsibilities. Copies of the following shall be provided to the newly appointed Director:
 - this Board Charter;
 - the Group's Memorandum & Articles of Association;
 - Latest annual report and audited financial statements of the Group;
 - Latest Strategic Plans and Annual Management Plan of the Group; and
 - Organization Chart.

- A Board induction session shall be conducted by Management to give the newly appointed Director an overview of the business and strategic plans of the Group.

c) Role of Chairman

- The roles of the Chairman and the GCEO shall be separated. The Chairman is responsible for representing the Board to the Shareholders and is responsible for ensuring the integrity and effectiveness of the governance process of the Board. The Chairman shall maintain regular dialogues with the GCEO over all operational matters and shall promptly consult with the Board over any matter that gives him or her any cause of concern pertaining to the Group.
- The Chairman shall act as a facilitator at meetings of the Board to ensure that no Director, whether executive or non-executive, dominates discussions at Board meetings. He shall ensure that appropriate discussions take place and relevant opinions among Directors are forthcoming. The Chairman shall also ensure that discussions result in logical and understandable outcomes.

The key roles & responsibilities of the Chairman include the followings:

- Provide governance in matters requiring corporate justice and integrity;
- Manage Board communication and Board effectiveness and effective supervision over Management;
- Create conditions for good decision making during Board and Shareholders meetings;
- Ensure Board proceedings are in compliance with good conduct and practices;
- Protect the interest and provide for (if permissible) the information needs of various Stakeholders;
- Maintain good contact and effective relationship with external parties, investing public, regulatory agencies and trade associations;
- Ensure that quality information to facilitate decision-making is delivered to the Board by Management in a timely manner; and
- Ensure compliance with all relevant regulations and legislations.

d) Board Committees

- The Board may delegate its responsibilities for specified matters to individual Directors or Board Committees. Each Board Committee must be provided with written TOR which clearly state the extent and limits of their responsibilities and authority and whether they can act on behalf of the Board, or to provide the necessary reporting to the Board.
- The present Board Committees are as follows:
 - Audit & Risk Management Committee (Refer **Appendix C** for TOR)
 - Nomination & Remuneration Committee (Refer **Appendix D** for TOR)
 - Investment & Tender Board Committee (Refer **Appendix E** for TOR)
- The TOR of the Board Committees are subject to a review and revision, amendment or modification by the Board from time to time, in which case the most recently amended TOR of a Board Committee shall be the TOR that shall apply to the said Board Committee.

6. BOARD PROCEDURES

a) Board Meeting

The Board shall meet at regular intervals throughout the year. At each scheduled meeting, the Board shall consider, where applicable:

- Operational report(s), the financial results and cash flow projections;
- Review the reports and recommendations of the Audit Committee;
- Approve the quarterly announcement and quarterly financial statement to Shareholders and the public;
- Schedule of Matters which are reserved for the Board's collective decision;
- Significant capital expenditure and acquisitions;
- Significant disposal of the Group assets;
- Major issues or opportunities;
- Committee minutes/Board Circular Resolutions for notation;
- Changes in directorships and disclosure of interests;
- Disclosure of dealings by Directors/Principal Officers;
- Summary of shares movement for substantial shareholders; and
- Any other matters requiring the Board's approval.

In addition, the Board shall, at periodic intervals of not more than one year:

- Review the Group's objectives and goals;
- Review the strategies for achieving the stated goals;
- Approve the operational plan and budget;
- Consider and, if deem appropriate, declare or recommend payment(s) of dividends; and
- Review / approve reports and recommendations from the Audit Committee and other Board Committees.

b) Meeting Papers

In order to allow sufficient time for Directors to consider and better deliberate on matters that are tabled to the Board, Board papers, relevant information and agenda items are to be circulated at least five 5 working days before each meeting to the Directors and permanent invitees of the meeting.

c) Access to Independent Professional Advice

In discharging Directors' duties, each Director is entitled to obtain independent professional advice at the cost of the Group.

d) Access to Management & Information

The Directors shall have unrestricted access to Management and to information pertaining to the Group, including from the Group's auditors and consultants.

The Directors must use proper judgment to ensure that any contact made with Management does not distract the business operations of the Group and Management's function. Such contacts must be made through the GCEO.

7. ROLES OF THE GCEO

The GCEO is accountable to the Board for the overall organization, management and staffing of the Group and for the procedures in financial and operational matters, including in the areas of staff conduct and discipline and to promote leadership by example. The Board shall link the Group's governance and management functions through the Chairman with the GCEO.

All Board authority conferred on Management is delegated through the GCEO so that the authority and accountability of Management is considered to be the authority and accountability of the GCEO so far as the Board is concerned. The GCEO's authority is explicitly provided for in the Limits of Authority. The Directors should support the GCEO in undertaking this responsibility.

The role of the GCEO is summarized as follows:

- Foster a corporate culture that promotes ethical practices, encourages individual integrity and fulfill social responsibility;
- Maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of quality employees at all levels;
- Develop and recommend to the Board a long-term strategy and vision for the Group that leads to the creation of shareholder value;
- Develop and recommend to the Board the Group annual business plans and budget that support the Group's long-term strategy;
- Ensure achievement of objectives and goals as contained in the strategic plan;
- Foster a corporate culture that promotes adherence to laws and regulations of the country;
- Manage the overall business and oversees the day-to-day operations of the Group;
- Ensure continuous improvement in the quality and value of the products and services provided by the Group;
- Ensure that the Group achieves and maintains a satisfactory competitive position within its industry;
- Recommend management structure and operating authority level which includes delegation of responsibilities to Management;
- Ensure that the Group has an effective Management team below the level of the GCEO and has an active plan for its development and succession;
- Ensure in cooperation with the Board, that there is an effective succession plan in place for the GCEO;
- Formulate and oversee the implementation of major corporate policies;

- Accountable to the Board for the propriety and regularity of the finances;
- Responsible for the financial management of the Group and overseeing the handling of the Group's financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance, for efficient and effective use of all resources;
- Report to the Board periodically on the financial position of the Group which includes forecast results as may be required from time to time;
- Report to the Board on key performance indicators in relation to the financial results, market conditions and other developments;
- Recommend to the Board on annual management salary increment and Employees Share Option entitlement;
- Report to the Board on the results of employee union negotiation;
- Report to the Board on significant business decisions; and
- Serve as the chief spokesperson for the Group.

8. THE GROUP SECRETARY

The appointment or removal of Group Secretary shall be the prerogative of the Board as a whole. The specific responsibilities of the Group Secretary are as follows:

- Advise the Board and Management on governance issues;
- Ensure compliance with listing and related statutory obligations;
- Attend Board, Board Committees and general meetings, and ensure proper recording of minutes of meeting(s);
- Ensure proper upkeep of statutory registers and records;
- Assist the Chairman in the preparation for and conduct of meetings; and
- Continuously update the Board on changes to listing rules, other related legislations and regulations.

9. RELATIONSHIP OF THE BOARD WITH SHAREHOLDERS & STAKEHOLDERS

Although the primary duty of the Board is to provide accountability to its Shareholders, a wide range of stakeholders have begun to look to the Board to provide information about the Group's standing.

This includes the regulators for statutory disclosure, creditors and lenders for confirmation on financial status, and customers for continuation of service and behavior.

In meeting these accountability responsibilities, the Board shall use its best endeavors to familiarize itself with the issues which are of concern to the Shareholders and stakeholders.

10. DIRECTORS' TRAINING

Directors' are required to undergo the required mandatory accreditation program organized by Bursa Securities.

In addition, Directors are required to attend relevant training courses/seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as on technical matters; for example, on financial reporting standards, tax budgets, Corporate Governance, and others.

11. DIRECTORS' REMUNERATION

The Board will determine the level of remuneration to be paid to the Executive Directors (if any), taking into consideration the recommendations of the Nomination & Remuneration Committee. However, the determination of the remuneration packages of non-executive directors, including non-executive Chairman, shall be decided by the Board as a whole.

Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in the Board Committees and for their attendances at meetings. The fee which is subject to the approval of the shareholders, shall be fixed in sum and not by a commission or percentage of profits / turnover.

12. BOARD & DIRECTORS EVALUATION

The MCCG 2012 stipulates that the Board should implement a process, to be carried out by the Nominating & Remuneration Committee ("NRC") on an annual basis, to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.

Pursuant to the Listing Requirements in assessing individual Directors, the Board should take into consideration the Directors' character, experience, integrity, competency and time to effectively discharge his/her role as a Director of the Group.

The Nominating & Remuneration Committee shall assess on an annual basis the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. The NRC shall also ensure that all assessments and evaluations carried out by the NRC in the discharge of this function are properly documented.

13. EVALUATION PROCESS

The evaluation on the effectiveness of the Board of Directors, Board Committees and individual Directors shall be conducted through self-assessment methodologies whereby 2 sets of Questionnaires namely, the "Evaluation of the Effectiveness of the Board Questionnaire" and the "Evaluation of the Effectiveness of the Board Committees Questionnaire" for the period under review shall be sent out to all members of the Board and the respective Board Committees for their completion.

As for the assessment on each individual Director, each Director shall be requested to undertake a self-assessment under the "Evaluation of the Effectiveness of the Board Questionnaire".

14. ALTERNATE DIRECTOR

A Director may from time to time nominate a person, not being a Director, to act as his alternate and his discretion to remove such alternate Director but the appointment shall not take effect until approved by a majority of the other Directors. An alternate Director so appointed shall be entitled to receive from the Group such proportion (if any) of the remuneration otherwise payable to his/her appointor as such appointor may by notice in writing to the Group from time to time direct, but save as aforesaid, he/she shall not in respect of such appointment be entitled to receive any remuneration from the Group.

The alternate Director shall be entitled to receive notices of all meetings and to attend, speak and vote at any such meetings of Directors at which his appointor is not personally present. Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or revocation shall be effected by a notice in writing to be delivered to the Group Secretary. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.

15. CHARTER REVIEW

- Review the charter at least annually and update it as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements;
- Review and approve the management-level risk committee charter, if applicable;
- Perform any other activities consistent with this charter, the Group's bylaws, and governing laws that the board or risk committee determines are necessary or appropriate; and
- Submit the charter to the full board for approval.