

SHH RESOURCES HOLDINGS BERHAD

(Company No: 304227-U)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

CONSTITUTION

The Remuneration Committee (“Committee”) was established by the Board of Directors to assist the Board to fulfil its responsibility to shareholders to ensure that the Directors of the Company are fairly remunerated in line with corporate and individual performance, having regard to statutory and regulatory requirements, market rates and interests of shareholders and other stakeholders.

TERMS OF REFERENCE

1. Objectives

- 1.1. The Committee is primarily responsible for setting the remuneration policy for all directors and the company’s chairman, including pension rights and any compensation payments.
- 1.2. The objective of such policy shall be to attract, retain and motivate directors of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company’s long term strategic goals.

2. Composition

- 2.1. The Committee shall be appointed by the Board of Directors from among their number and shall comprise not fewer than 3 members. Members of the Committee should consist of Non-Executive Directors with majority of them shall be Independent Non-Executive Directors.
- 2.2. A member of the Committee may relinquish his/her membership by written notice to the Company Secretary.
- 2.3. If a member of the Committee for any reason ceases to be a member with the result that the number is reduced to below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

3. Chairman

- 3.1. The members of the Committee shall elect a Chairman from amongst its members. The Chairman elected shall be subject to endorsement by the Board.
- 3.2. In the event the elected Chairman is not able to attend a meeting, a member of the Committee shall be nominated as Chairman for the meeting.

4. Secretary

- 4.1. The Company Secretary of the Board or his/her nominee, or such person nominated by the Committee, shall act as the Secretary of the Committee.

5. Quorum

- 5.1. The quorum of the committee shall be at least two members.
- 5.2. In the absence of a quorum, the meeting shall be adjourned to such other time, date and venue as the Committee may determine.

6. Frequency of meetings

- 6.1. The Committee will meet at least once a year and such additional meetings as the Chairman shall decide in order to fulfil its duties.
- 6.2. In addition, the Chairman may call a meeting of the Committee if a request is made by any member of the Committee, the Company's Board of Directors or the Company's Managing Director.

7. Notice of meetings

- 7.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 7.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and such relevant documents or information as may be required by the member, shall be forwarded to each member of the Committee and any other person required to attend, no later than seven (7) days before the date of the meeting.
- 7.3. Members of the Committee shall have the opportunity to seek additional information, and are able to obtain further clarification from the Management or other relevant parties should the need arises.

8. Meeting of the Committee

- 8.1. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as representatives of the Management and/or Company Secretary may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 8.2. The meeting of the Committee may be conducted via face-to-face and/or by means of any other conferencing technology as may be deemed appropriate by the Committee.
- 8.3. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 8.4. Each member of the Committee eligible to vote at a committee meeting shall have one (1) vote.

8.5. A member is required to abstain from deliberation and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

8.6. All resolutions of the Committee shall be adopted by a simple majority vote.

8.7. In the event of an equality of votes, the Chairman of Committee shall be entitled to second or casting vote.

9. **Annual General Meeting**

9.1. The Committee Chairman should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

10. **Duties & Responsibilities**

10.1. The Committee shall review and, where appropriate, report to the Board on the following:

- Review the adequacy and effectiveness of the remuneration policy of the Company and its subsidiaries based on terms that are market competitive and at the same time aligned with shareholders' interests;
- Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;
- Review the performance of individual Executive Directors and recommend to the Board for approval, the total remuneration package;
- Review and recommend the remuneration package of Non-Executive Directors for approval by the Board; and
- The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall ensure that provisions regarding disclosure of information as required by the Bursa Securities Listing Requirements and the Malaysian Code of Corporate Governance are fulfilled and produce a report to be included in the Company's Annual Report about its activities.

11. **Authority**

11.1. The Committee is authorised to pursue any matter or activity of the Group within its terms of reference and request any information from any employee/director/contractor/consultant (or other provider of services, including legal and tax advisers) of the Company/Group in order to perform its duties.

11.2. The Committee shall have access to sufficient resources in order to carry out its duties, including authority to retain persons or experts having special competence as necessary to assist the Committee in fulfilling its responsibilities.

12. Term of Office

12.1. The term of office and performance of the Committee and each of its members shall be reviewed by the Board of the Company annually to determine whether the Committee and its members have carried out their duties in accordance with their Terms of Reference.

13. Review of the Terms of Reference

13.1. The Committee shall review and assess the adequacy of this Terms of Reference on a periodic basis or as and when necessary.

13.2. Any proposed changes to the Terms of Reference shall be approved by the Board.