

SHH RESOURCES HOLDINGS BERHAD

(Company No: 304227-U)

BOARD CHARTER

1. Introduction

The Board of Directors (“Board”) of SHH Resources Holdings Berhad (“SHH” or the “Company”) is responsible for overseeing the Company’s management and ensuring that the principles of good corporate governance and risk management are practiced in creating, protecting and enhancing shareholders’ value and in promoting sustainability.

2. Purpose of the Board Charter

The objectives of this Board Charter are to ensure that all Directors are aware of their roles 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. The Board Charter will assist the Company’s stakeholders to better understand the objectives of the Board and the manner in which the Board exercises its authority and discharges and allocates responsibilities in managing the affairs of the Company.

The Board Charter (“Charter”) together with the Company’s Constitution and Code of Ethics and Conduct also act as a source of reference for the Board in the conduct and governance of the business and affairs Company. This Charter sets out the role, functions, composition, operation, processes and responsibilities of the Board and the management in the governance of the Company and its subsidiaries (“Group”).

3. Board’s Roles and Responsibilities

3.1 Board principal responsibilities

The Board guides and monitors the business and affairs of the Company and of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The principal roles and responsibilities of the Board members are as follows:

- (a) review and adopt the strategic plans, annual budgets and to monitor the implementation of such plans by the Management;
- (b) oversee the resources and operations, including its control and accountability systems;
- (c) review and approve major capital acquisition or disposal, operating expenditure, variation order and any other reserved matters;
- (d) assess and identify significant financial and non-financial risks associated with the Group’s business and set appropriate risk appetite within which the Board expects Management to operate;

- (e) ensure that there is an appropriate risk management framework and internal control system to continuously evaluate, monitor and report and manage risks and its impact thereon;
- (f) review and approve the Group's Financial Statements encompassing annual audited accounts and quarterly reports, dividend policy, credit facilities from financial institutions and guarantees;
- (g) review and approve the Corporate Governance Statement, Audit Committee Report, Risk Management and Internal Control Statement and the Sustainability Statement for the Annual Report;
- (h) succession planning for senior Management including appointing, training, determining the appropriate compensation benefits and where necessary, replacing any member of the Senior Management;
- (i) overseeing the development and implementation of a shareholders' communication policy to ensure effective communication with its shareholders and other stakeholders;
- (j) monitor compliance with legal, regulatory requirements (including continuous disclosure) and ethical standards; and
- (k) review, ratify and monitor the Company's Code of Ethics and Conduct.

3.2 Role of the Chairman

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspect of its role as described below:

- (a) leading the Board and ensuring its effectiveness on all aspects of its role and setting its agenda;
- (b) ensuring the efficient organization and conduct of the Board's function and meetings;
- (c) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- (d) ensuring the provision of accurate, timely and clear information to Directors;
- (e) ensuring effective communication with shareholders and relevant stakeholders;
- (f) arranging regular evaluation of the performance of the Board, its committees and individual Directors;
- (g) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors;
- (h) facilitating the ongoing development of all Directors;
- (i) facilitating the effective contribution of all Directors at Board meetings; and
- (j) promoting constructive and respectful relations between the Board and the Management.

3.3 Role of the Executive Directors

The Executive Directors are responsible for:

- (a) developing and implementing corporate strategies for the Group;
- (b) providing leadership in setting the values and standards of the Company;
- (c) supervising heads of division/department who are responsible for all functions contributing to the success of the Group;
- (d) ensuring the efficiency and effectiveness of the operation for the Group;
- (e) assessing business opportunities which are of potential benefit to the Group;
- (f) highlighting material risks and other relevant matters to the attention of the Board in an accurate and timely manner;
- (g) managing a team of executives responsible for all functions contributing to the success of the Group; and
- (h) ensuring that the Group has the appropriate risk management and internal control practices and policies in place.

3.4 Role of the Non-Executive Directors

All Non-Executive Directors are encouraged to:

- a) regularly update and refresh their skills, knowledge and familiarity with the businesses and affairs of the Company and of the Group;
- b) understand the Group's business risks including significant economic, environment and social risk and endorsing the Group's risk appetite;
- c) review the extent to which management has established an effective system of risk management and internal control.
- d) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice;
- e) form independent view as to what is necessary in particular circumstances to comply with the duty of care, skill and diligence they owe as a director to the Company; and
- f) where they have concerns about the operations, development or proposed action, ensure that these concerns are addressed by the Board.

4. Matters reserved for the Board

The following are matters reserved for collective decision of the Board:

- (a) limits of authority including any amendments thereto;
- (b) annual budget/plan;
- (c) audited and quarterly financial statements;

- (d) material acquisition and disposal of assets;
- (e) appointment and/or removal of Company Secretary;
- (f) appointment or removal of External Auditors and Auditors' remuneration;
- (g) related party transactions;
- (h) authorised signatories for the operation of bank accounts including any amendments thereto;
- (i) changes in group structure; and
- (j) any other issues which may be decided by the Board from time to time.

5. Board Composition

The Board shall ensure that:-

- (a) at least two (2) directors or at least one third (1/3) of the total number of directors, whichever is the higher are Independent Directors;
- (b) if the number of directors is not three (3) or multiple of three (3), then the number nearest 1/3 must be used;
- (c) in the event of any vacancy in the Board, resulting in non-compliance with (a) above, the Board must fill the vacancy within 3 months.

The Board must comprise a majority of Independent Directors where the chairman of the board is not an independent director. The members of the Board shall have a balance mix of skills, gender, experience and knowledge essential in the capable management and leadership of the Company. The composition and size of the Board are reviewed from time to time to ensure its suitability.

6. Board Committees

To assist the Board in carrying out its duties and responsibilities, the Board may establish Committee as is considered appropriate. The Board delegates certain functions to the following committees to assist in the execution of its responsibilities.

The Board committees which has been duly established are as follows:-

- (a) Audit Committee
- (b) Remuneration Committee
- (c) Nominating Committee
- (d) Risk Management Committee

The Board Committees shall operate under their respective terms of reference which shall be approved by the Board.

7. Appointment of Directors

The appointment of a new Director is a matter for consideration and decision by the full Board, based on the recommendation from the Nomination Committee. The Nominating Committee is responsible for the identification of the desired mix of expertise, gender, competencies and experiences for an effective Board, assess the performance of the members of the Board and if required identify, assess and recommend candidates for appointment to the Board. In accordance with the Company's Constitution, at least one third (1/3) of the Board shall retire from office and all Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. A retiring director shall retain office until the close of the meeting at which he/she retires.

The Board shall appoint a Senior Independent Director who will also attend to any query or concerns raised by shareholders.

8. Assessment & Tenure of Independent Directors

The Board shall undertake an assessment of its Independent Directors annually. The tenure of an Independent Director should not exceed a cumulative term of 9 years.

To retain an Independent Director after the ninth (9th) year of services, the Board will seek annual shareholders' approval through a two-tier voting process at the Company's shareholders' meeting as follows:

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| Tier 1: | Only the large shareholder(s) of the Company votes; and |
| Tier 2: | Shareholders other than large shareholder(s) votes. |

Subject to obtaining the approval of the Company's shareholders, the Board may recommend and provide strong justification in the event it retains an Independent Director who has served a cumulative term of nine (9) years as an Independent Director of the Company.

9. Board Meetings

The Board generally has at least four (4) regular scheduled meetings in each financial year, with additional meetings to be held as and when the need arises. A full agenda of the meeting and all Board papers would be distributed in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Management or the Company Secretary should the need arises.

10. Directors' Remuneration

The Directors shall be paid by way of remuneration for their services rendered. Directors' fees shall be based on a standard fixed sum and are subject to approval by its shareholders at the AGM. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration. The remuneration of the Executive Directors shall be determined by the Remuneration Committee taking into consideration the Directors' contribution and commitment to the Company, the performance of the Group and the compensation levels for comparable positions among other similar industry. In the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

11. Directors' Training

In compliance with Bursa Securities Listing requirements, all Directors are required to attend and complete the Mandatory Accreditation Programme. The Nominating Committee shall assess the training needs and recommend the training programs to be undertaken by the Directors on a regular basis. In addition, Directors are encouraged to attend continuous education programmes and seminars to update their knowledge and enhance their skills to effectively discharge their duties as Directors.

12. Access to Information and Independent Advice

All Directors have unrestricted access to all information pertaining to the Group. The Directors may interact directly with, or request further explanation, information or updates, on any aspect of the Group's business concerns from the Management to enable the Board to discharge its duties in relation to the matters being deliberated.

Notice of meetings, setting out the agenda and accompanied by the relevant Board papers are given to the Directors on a timely manner to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be tabled at a meeting. The proceedings and resolutions passed at each Board meeting are minuted and kept in the statutory minute book at the registered office of the Company.

In furtherance of their duties, whenever independent professional advice is required by the Directors, external experts may be engaged at the Company's expense.

13. Secretary

The Board has direct access to the advice and the services of the Company Secretary, who is responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

14. Investor Relations and Shareholder Communication

The Board shall place great importance in maintaining high standards of transparency and accountability in its communication to shareholders and investor through making timely disclosure of all material matters affecting the Group. In addition to the announcements and disclosures made to Bursa Malaysia Securities Berhad on any material matters affecting the Group, information on the Group's activities which includes financial results and other additional corporate information shall also be made available for reference on its website. There shall be continuous effort to ensure that the information on the website remains current, updated and relevant to investors.

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. During the AGM, shareholders have direct access to Board members who are on hand to

answer any questions and feedback pertaining to the business of the Group. External Auditors are also present to provide their professional and independent advice on relevant issues raised.

15. Code of Conduct

The Board would formalise ethical standards through a Code of Conduct and to ensure the implementation of appropriate internal systems by the Management to support, promote and ensure its compliance throughout the Group. The employees are further governed by the ethical standards in carrying out their respective responsibilities as set forth in the Employee Handbook. The Board would also ensure that the Code of Ethics and Conduct and Employee Handbook be reviewed and updated regularly to meet the Group's needs and to address the changing conditions of its business environment.

16. Review of Board Charter

The Board Charter shall be periodically reviewed and may be amended by the Board as it deems appropriate.