

BOARD CHARTER

1 PURPOSE OF THE CHARTER

- 1.1 This Board Charter ("Charter") sets out the role, functions, composition, operation, process and responsibilities of the Board of Directors of Poh Huat Resources Holdings Berhad ("The Company") within the governance structure of the Company and its wholly owned subsidiaries ("The Group"). The conduct of the Board is also governed by the Company's Articles of Association ("Articles").
- 1.2 This Board Charter would act as a source reference and primary induction literature to provide insights to prospective Board members and senior management. In addition, it will assist the Board in the assessment of its own performance and of its individual Director. This is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members.

2 BOARD OF DIRECTORS

- 2.1 The Articles provides for a minimum of two (2) directors and a maximum of twelve (12) directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors. The Independent Directors provide independent judgment, experience and objectivity without subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 2.2 The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.
- 2.3 The composition and size of the Board are reviewed from time to time to ensure its appropriateness. Where possible, the majority of the Board, shall comprise non-executive directors who are determined by the Board to be independent.
- 2.4 The appointment of a new Director is a matter for consideration and decision by the full Board, based upon the recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Director brings to the Board. The Articles provides that every newly appointed Director be subjected to re-election at the immediate Annual General Meeting ("AGM") of the Company.
- 2.5 At the AGM each year, one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office. A retiring Director shall be eligible for reelection. The names of directors submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information to enable shareholders to make an informed decision on their election.
- 2.6 The Board should meet regularly to discharge its duties effectively.

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- 2.7 The Board generally has at least five (5) regularly scheduled meetings in each financial year, with additional meetings to be convened as and when necessary.
- 2.8 All Directors will be provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. A full agenda of the meeting and all Board papers, including major investment and corporate proposals, complicated issues or specific matters, 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 Company Secretary, should such a need arise. Where necessary, the services of other external expert or consultants will be arranged to brief and help the Directors clear any doubt or concern.

3 MATTERS RESERVED FOR THE BOARD

3.1 Role and Responsibility of the Board

- 3.1.1 Responsibility for implementing the strategic direction and management of the Company's day to day operations is delegated to the Executive Directors, who is accountable to the Board.
- 3.1.2 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. In carrying out its responsibilities, the Board undertakes to serve the interests of shareholders, employees, and the broader community honestly, fairly, diligently and in accordance with applicable laws.

3.2 Matters Reserved for the Board

- 3.2.1 The following are matters which are specifically reserved for the Board and they constitute the key responsibilities of the Board, namely to:
- (a) develop, review and monitor the Company's long term business strategies and provide strategic direction to the Management;
 - (b) approve and monitor business plans, budgets, major capital commitments, capital management, acquisitions and divestitures;
 - (c) identify and review risks that the Company may face and ensure that it has systems in place for risk management and internal control;
 - (d) review and approve the Company's financial statements and other reports;
 - (e) appoint or remove the Company Secretary;
 - (f) establish and maintain corporate governance standards;
 - (g) monitor compliance with legal, regulatory requirements (including continuous disclosure) and ethical standards;

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- (g) lead by example to establish a culture within the Company which strives for and rewards best practice in all areas of the business, particularly with regard to environmental issues;
- (h) monitor whether the Board is appropriately skilled to meet the changing needs of the Company;
- (i) oversee the Company's operations, including its control and accountability systems;
- (j) provide input into and final approval of management's development of corporate strategy and performance objectives;
- (k) review, ratify and monitor the Company's Code of Ethics and Conduct;
- (l) ensure that appropriate resources are available to senior executives;
- (m) establish a succession plan;
- (n) develop and implement a shareholder communication policy for the Company; and
- (o) review the adequacy and the integrity of the management information and internal controls systems of the Company and Group.

3.3 Role of the Chairman

3.3.1 The Chairman is responsible for:

- 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;

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- i) facilitating the effective contribution of all Directors at Board meetings;
- l) promoting constructive and respectful relations between Directors, and between the Board and Management; and
- m) ensuring effective communication with shareholders and relevant stakeholders.

3.4 Role of the Executive Directors

3.4.1 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 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;
- (h) ensuring that the Group has the appropriate risk management and internal control practices and policies in place;
- (i) drawing the attention of the Board to material and other relevant matters in an accurate and timely manner; and
- (j) overseeing shareholders' communications.

3.5 Role of the Non-Executive Directors

3.5.1 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) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice;
- (c) 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

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- (d) where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board, to the extent that they are not resolved, ensure that they are recorded in the Board minutes.

3.6 Financial Reporting

- 3.6.1 In presenting annual financial statements and quarterly reports, including other price sensitive public reports and reports submitted to regulators, the Board aims to present a balanced and understandable assessment of the Group's position and prospects to its shareholders and the investing public at large.
- 3.6.2 The Board ensures that the financial statements is prepared in accordance with the Companies Act and applicable approved accounting reporting standards, so as to give a true and fair view of the state of affairs of the Group and the Company.

3.7 Directors' Remuneration

- 3.7.1 The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Company. The Executive Directors' and senior management's remuneration will depend on the performance of the Group.
- 3.7.2 In the case of Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director.

3.8 Directors' Training and Continuing Education

- 3.8.1 In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations. The Board shall assess the training needs of the Directors from time to time.

4 INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 4.1 The Board shall place great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analysts and the public. The shareholders shall be informed of all material matters affecting the Company and Group.
- 4.2 The ways of communication to shareholders and investors, amongst others, are as follows:-
 - (a) timely announcements and disclosures made to the Bursa Malaysia, which includes quarterly financial results, material contract awarded, changes in the composition of the Group and any other material information that may affect investors' decision making; and

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- (b) press conference which is normally held after each Company AGM and/or Extraordinary General Meeting to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries or areas of interest of the media.

5 ACCESS TO INFORMATION AND INDEPENDENT ADVICE

- 5.1 Directors have the right to seek independent professional advice in the furtherance of their service as directors, at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions. Written approval must be obtained from the Executive Directors prior to incurring expense on behalf of the Company.

6 CODE OF CONDUCT

- 6.1 A director must act honestly, in good faith and in the best interest of the Company as a whole.
- 6.2 A director has to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- 6.3 A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- 6.4 A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company.
- 6.5 A director must not make improper use of information acquired as a director.
- 6.6 A director must not take improper advantage of the position of director.
- 6.7 A director must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company.
- 6.8 A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.
- 6.9 Confidential information received by a director in the course of the exercise of their duties as a director of the Company remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- 6.10 A director should not engage in conduct likely to bring discredit upon the Company.
- 6.11 A director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code of Conduct.

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7 SECRETARY

- 7.1 The Company Secretary will be the Secretary of the Board.
- 7.2 Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows between members of the Board and the Board Committees, as well as facilitating the induction of new directors and assisting with each director's professional development, as required.
- 7.3 All directors have access to the advice and services of the Company Secretary.
- 7.4 The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

8 MINUTES OF MEETING

- 8.1 Proceedings of all meetings are minuted and signed by the Chairman or the chairman of the meeting. Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

9 REVIEW OF CHARTER

- 9.1 The Board Charter has been adopted by the Board on 20 March 2014. Any subsequent amendment to the Charter can only be approved by the Board. The Board will review this Charter annually to ensure it remains consistent with the Board's objectives and responsibilities.

10 PUBLICATION OF THE CHARTER

- 10.1 Key features of this Charter are to be outlined in the Annual Report.
- 10.2 A copy of this Charter is to be made available on the Company's website www.pohhuat.com.