

TADMAX RESOURCES BERHAD

BOARD CHARTER



Date of Board Resolution: 23 February 2017

This Charter is developed to:

- provide a clear statement of the roles, responsibilities, processes and operations of the Board for the Board and Management; and
- ensure the practices of the Board are consistent with the best practice of corporate governance.

1. Size, Composition and Nomination

The minimum size of the Board shall be two (2) and no maximum number as stipulated in Article 67 of the Company's Constitution. The size of the Board must commensurate with the range of knowledge, views and experience needed for effective functioning of the Board. Nonetheless, at least one third of the members should be independent directors.

Potential Directors will be subjected to assessment and evaluation by the Nomination and Remuneration Committee who will then makes its recommendation to the Board. The Board would evaluate and decide on the appointment of the proposed candidates taking into account the recommendation of the Nomination and Remuneration Committee. Among others, the evaluation takes into account the proposed candidate identified skills, knowledge, character and experience to meet the needs of the Board. This information will be communicated to members to assist them in their decision whether to confirm the appointment of the nominated director.

All new Directors appointed to the Board shall undertake a formal induction program coordinated by the Nomination Committee and Managing Director.

2. Roles and Responsibilities of the Board

Broadly, all directors owe fiduciary duties to the Company and must exercise reasonable care, skill and diligence to ensure the proper management of the entity, including maximizing long-term financial returns. The Board is responsible for ensuring that the Company and its subsidiaries ("Group") are managed to achieve this result. The Board will direct and supervise the management of the business and affairs of the Group in the best interest of the shareholders including :

- i. Reviewing and adopting a strategic plan for the Group;
- ii. Overseeing the conduct of the Group's business;
- iii. Identifying principal risks and ensuring the implementation of appropriate risk management, internal controls and mitigation measures;
- iv. Succession planning;

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- v. Overseeing the development and implementation of shareholder communications policy for the Company; and
- vi. Reviewing the adequacy and the integrity of the management information and internal controls system of the Group.

The Board's role includes, but not limited to the following matters. The Board may choose to delegate some of these responsibilities to one or more of its Board Committees. This delegation of responsibilities will be reflected in the terms of reference of the respective Board Committees.

In addition to the above, the Board may also delegate powers to an Executive Committee, if necessary, to approve all matters necessary for the operations of the Company and Group, including among others:-

- Formulating, recommending and implementing the strategic objectives of the Company and Group;
- Supports the Board in the operations of the Group and review the operations of the Group's operating units;
- Operate within the delegated authority limits set by the Board;
- Ensure the Company's risk management and internal compliance and control systems
- Involve in important corporate plans and investment process and other critical matters determined by the Board
- To ensure Management provides the Board with accurate, timely and clear information to enable the Board to perform its responsibilities

2.1 Strategic Functions

Strategic planning: Approving the Group's strategy, objectives, associated performance indicators and targets and approving any subsequent material variations.

Business planning: Approving and adopting the business plan including operating budgets, capital budgets, performance indicators and approving any subsequent variations.

Funding: Contributing to and approving a strategy for the Group funding, including funding targets, timelines and avenues and appropriately involving itself in liaison and communication with potential sources of funding.

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Change management: Overseeing the Group's capacity to identify and respond to changes in its economic and operating environments.

Major projects: Approving and monitoring major projects including corporate restructures/re-organisations, major capital expenditure, capital management, acquisitions and divestitures and any significant initiatives or opportunities that arise.

Stakeholder liaison: Appropriately involving itself in liaison and communication with key stakeholders.

Performance monitoring: Overseeing the conduct and performance of the Group to ensure they are being properly and appropriately managed. To discharge this duty the Board will give specific and regular attention to:

- monitor performance against the strategic and business plans;
- monitor performance against peer and competitor companies; and
- enquire and follow up areas of poor performance and their cause.

2.2 Governance and Board Matters

Delegations of authority: Reviewing, approving and, where appropriate, revising the delegations of authority from the Board to the Managing Director and significant delegations from the Managing Director to Management. These delegations must be clearly conveyed to empower the Managing Director and the Management team to run the Group.

Committees: Overseeing the work of the Board Committees including determining the need for specific Committees, reviewing the need for those Committees on an ongoing basis, receiving reports from, reviewing the work of, and considering the recommendations made by each Committee.

Self assessment: Developing and implementing a formal process for the Board to assess its performance. This policy will include an external assessment when appropriate.

Information needs: Dictating its information needs to Management including the form, timing, content and style of Board papers and ensuring these are fully addressed on an ongoing basis.

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Succession planning: Ensuring that appropriate plans are in place for the succession of the Managing Director and Senior Management.

Diversity: All appointments to the Board will be made on merit while taking into account the suitability or the role, Board balance and composition, the required mix of skills, background, experience (including consideration of diversity), independence and the ability to fulfil the required time commitments in the case of Non-Executive Directors.

While it is important to promote diversity (including gender diversity), no specific targets would be set to fill the quota for diversity as the selection criteria of a Director would be based on an effective blend of competencies, skills, experience and knowledge in areas identified by the Board.

Other matters: Attending to corporate governance matters including the identification and nomination to the members of new Directors to fill Board vacancies and to any other matters identified as reserved to the Board.

2.3 Risk Management, Compliance and Internal Controls

Risk management: Defining the Group's risk appetite, approving and overseeing the operation of the Group's corporate risk management framework, assessing its effectiveness, understanding and reviewing the major/significant risks facing the Group and monitoring their management.

Internal controls: Overseeing, reviewing and monitoring the operation, adequacy and effectiveness of the Group's reporting systems and the overall framework of internal controls established by the Management including operational, accounting and financial reporting controls.

Operational compliance: Approving, reviewing and monitoring compliance with corporate policies.

Legal compliance: Overseeing, reviewing and monitoring the operation of the Group's procedures to ensure compliance with relevant legislation is actively promoted within the Group. Attention shall also be given to privacy and occupational health and safety programs.

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Reputation: Being aware of and, where appropriate, reviewing any litigation, actions, transactions and issues, papers and reports to external/third parties which impact on the Group and may attract adverse public, government, regulatory or other interest.

Encourage the reporting of unlawful or unethical behavior: Maintaining a firm stance in encouraging the reporting of unlawful or unethical behavior and ensuring that employees and Management are assured of protection where violations are reported in good faith.

2.4 Financial

Financial oversight: Overseeing all aspects of the Group's financial position including giving specific attention to the quantum, nature and terms of Group's debt facilitates and its ability to meet its debts and other obligations as they fall due.

Financial reporting: Approving the annual audited financial statements, the quarterly financial statements, and the theme and text of the Company's annual report.

Auditors : Selecting Company's external auditors for approval by the members, ratifying the appointment of the internal auditors and approving their respective scopes of work.

Related party transactions: Reviewing and monitoring all related party transactions to identify whether consideration should be given to seeking stakeholder approval and ensuring compliance with the market regulations.

2.5 Human Resource

Executive appointment and termination: Approving/ratifying the appointment of any member of senior executive Management and their dismissal taking into account the recommendation of the Nomination and Remuneration Committee.

Executive performance and development: Ensuring an appropriate process is in place to recruit, review the performance of, remunerate, train and develop executives and to provide for management succession.

Executive compensation: Reviewing and approving the compensation, equity and incentive schemes in place for the executives to ensure they are appropriate and competitive.

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Ethical behavior: Reviewing, approving and monitoring compliance with the Group's Corporate Code of Conduct, which provides guidance regarding ethical behaviour, including approving all proposed revisions or waivers.

3. Position Description

3.1 The Chairperson

The Board is empowered by the Company to appoint a Chairperson. There must be clear division of roles between the Chairperson and the Managing Director. The Chairperson will be one of the Board's non-executive Directors. In the absence of the Chairperson, the Directors present must elect a Director present to chair the meeting.

The Role of the Chairperson

The role of the Chairperson is to ensure that the Board is functioning effectively and to undertake the following activities:

- Providing leadership to the Board
- Monitor and manage the workings of the Board, especially the conduct of Board meetings.
- Ensure that all relevant issues for the effective running of the Group's business are on the agenda.
- Ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis.
- Encourage all Directors to play an active role in Board activities.
- Chair general meetings of shareholders.
- Liaise with the Managing Director and the Company Secretary on the agenda for Board meetings.

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3.2 Managing Director

Managing Director is the chief executive director. The key responsibilities of the Managing Director are:

- develop strategic direction of the Company and Group ;
- ensure Board decisions are implemented and Board directions are responded to;
- provide directions in the implementation of short and long-term business plans;
- provide strong leadership; i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- keep Board fully informed of all important aspects of the Group's operations and ensure sufficient information are distributed to Board members; and
- ensure day-to-day business affairs of the Group are effectively managed.

3.3 Independent Director

An independent director must fulfill the provisions and definition of independent director of the Listing Requirements at all times and must declare their independence to the Board annually.

The tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. In the event the Board wish to retain the independence status of a director who has served in that capacity for more than nine years, the Board must provide strong justifications and seek shareholders' approval.

The responsibilities of an independent director are:

- provide and enhance the necessary independence and objectivity to the Board;
- ensure effective checks and balances on the Board;
- mitigate any possible conflict of interest in policy-making process and the day-to-day management of the Group;

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- constructively challenge and contribute to the development of business strategy and direction of the Group; and
- ensure that adequate systems and controls are in place to safeguard the interests of the Group.

4. Relationship between the Board and Management

Subject to the formal delegations of authority, the Board delegates responsibilities for the operation and management of the Group business to the Managing Director and the Management team. Management is accountable to the Board and is to fulfill this responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

Other executive and Senior Management shall attend Board meetings by standing invitation.

The Board will adopt appropriate structures and procedures to ensure it retains its independence and functions independently of Management. This will include the Non-Executive Directors meeting in the absence of Management on a periodic, scheduled basis.

Non-Executive Directors may communicate with members of the Senior Management team at any time. However, unless the matter relates to operation of Board Committees or duties of the Company Secretary, in the ordinary course of communications between the Non-Executive Directors and the Senior Management should be through Managing Director and the Chair.

5. Investor and Stakeholder Liaison

The Board's investor and stakeholder liaison objective is to ensure that there is effective communications with its shareholders, the financial communities and other stakeholders that fairly and accurately reflect the Group. This is to help the Company to achieve a fair market value for its securities and optimum cost of capital and at the same time to facilitate investors and potential investors to make informed investment decisions.

The Board's investor and stakeholders relations initiatives are designed and driven by the following principles:

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- The Board will always report its financial results and material developments to the Exchange, its shareholders and other stakeholders in an open, timely and comprehensive manner;
- The Board will communicate only through its designated spokespersons;
- The Board will leverage its website as an additional communications channel;
- The Board will proactively address reports and rumors, so as to avoid unnecessary speculation in its securities;
- The Board will give reasonable access to analysts and the media to help them have informed opinions of the Group, but will not seek to influence those opinions or to give information that is not available to the general public;
- The Board will meet with its shareholders in the Company's Annual General Meeting and Extraordinary General Meeting to inform, and obtain feedback from shareholders.

6. Board Committees

The Board may from time to time establish appropriate Committees to assist it in the discharge of its responsibilities. However, the Board will not delegate any of its decision making authority to those Committees.

The Board has established the following Committees:

- Audit and Risk Management Committee;
- Nomination and Remuneration Committee; and
- ESOS Committee

Each formally constituted Committee will have written terms of reference, approved by the Board. Formal minutes of each Committee meeting will be prepared and circulated to each of the Directors within the time frame set out in the relevant Committee's terms of reference, together with a clear list of recommendations and/or other matters and issues for the consideration of the full Board at the next Directors' meeting.

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Where a Committee meeting is necessarily held a short time in advance of a Board meeting, for example where the Audit and Risk Management Committee completes its review of the financial statements only shortly in advance of the Board meeting to approve those accounts, the Board will accept a verbal report from the Chairperson of the Committee. However, this must be followed by formal written minutes within the prescribed timeframe.

The Board has sole responsibility for the appointment of Directors to the various Committees taking into account the needs of the Committees, legislative requirements, skill sets and the experience of the individual Directors.

The role, function, performance and membership of each Committee will be reviewed on an annual basis as part of the Board's appraisal process.

7. Meetings and Minutes

Board meetings are held on a regular basis, as determined annually in advance by the Board. The agenda for each meeting is dictated by the needs of the Board and the matters set out in the annual agenda for attention at a particular meeting.

Additional Board meetings can be convened by the Company Secretary at the request of any Director at any time by giving all Directors at least seven days notice in writing. A meeting may, with the consent of all Directors, be convened with less notice.

Personal attendance of Board members at meetings is preferred. But, the Board and Board Committees may hold meetings at two or more venues using any technology (for example: teleconferencing) that gives all members of the Board or the relevant Board Committee a reasonable opportunity to participate in the meeting.

In addition to the above, subject to relevant laws and guidelines, the following should be observed by Board:-

- To meet on a quarterly basis, but in any event, no less than once in every three (3) months, or whenever deemed necessary;
- All 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 Listing Requirements;
- the quorum of the meetings shall be met pursuant to the Constitution of the Company;
- the Board is also allowed to carry out the resolution by way of circulation;

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- the participation of the Director can be facilitated by means of video or telephone conferencing;
- Head of the respective operating units and relevant management personnel may be invited to attend the Board meetings;
- The Company Secretary shall be appointed as Secretary of the Board Meeting and minutes of meetings shall be taken and documented; and
- Information should be supplied to the Directors at least seven (7) days prior to the meeting in order for them to have sufficient time to peruse the matters that will be tabled and in enabling them to discharge their duties effectively.

8. Access of Information and Resources

The Board shall:

- have complete, adequate and timely information prior to Board meetings and on an ongoing basis;
- have the resources required to perform its duties;
- have full and unrestricted access to any information pertaining to the Group; and
- be able to obtain independent professional or other advice at the expenses of the Company.

9. Continuing Education Program and Training

Directors are expected to undertake continuing professional education to enable them to discharge their duties effectively. While Management, Company Secretary, Internal and External Auditors will brief the Board on changes in the legislative, regulatory or industry framework which impact the Group this is not a substitute for the Directors' efforts to seek continuous knowledge of the changes in the market regulations.

Based on the result of appraisal, the Nomination and Remuneration Committee would assist the Board to undertake an assessment of the training needs of each Director.

10. Performance Appraisal

Regular reviews of Directors' effectiveness and performance are important for governance improvement of the Board. The Board reviews and evaluates individual Directors' performance, its own performance and the performance of its Committees at least annually against measurable and qualitative indicators based on the report of the Nominating and Remuneration Committee.

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11. Remuneration

The Board will consider for adoption a remuneration policy established by the Nomination and Remuneration Committee designed to enhance corporate and individual performance. The level of remuneration will be designed to attract and maintain talented and motivated Directors and employees. Executive Directors are remunerated based on the Group's performance whilst the remuneration of the Non-Executive Directors are determined in accordance with their experience and the level of responsibilities assumed.

The maximum amount of annual fees to be paid to Non-Executive Directors will be recommended by the Company's Board and subject to ordinary resolution of the Shareholders.

12. Conflict of Interests

Directors and Senior Management are required to take all reasonable steps to avoid actual, potential or perceived conflict of interests with the Group's interest.

Should there be actual, potential or perceived conflict of interest between an entity and a Director/Senior Management, or a person connected with Director/Senior Management such as a spouse, other family member, or a related company, the interested Director/Senior Management shall make full disclosure in bona fide and act honestly in the best interest of the Company and shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising there from.

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 and Senior Management are required to notify the Company Secretary changes in the following:

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

In addition to the above, members of the Board/Senior Management who has a material interest, either directly or through a partner, spouse, parent or children or close relative, in matters being considered by, or likely to be considered by the Board should declare that interest.

Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits.

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The declaration would be made on an annual basis or as and when the conflict of interest occurs.

13. Indemnity and Insurance

The Directors and officers of the Group are entitled to be indemnified against liabilities arising from their holding of office in the Group. In this respect, the Company will consider the appropriate insurance policy to mitigate this risk.

14. Publication of the Board Charter and Committee Charters

The Charter will be available to all Directors. A copy of this Charter shall be published on the Company's website.

15. Review of the Board Charter

The Board will review this Charter and the terms of reference of its Committees at least once in every three years and make any necessary or desirable amendments to ensure they remain consistent with the Board's objectives, current regulation requirements and governance best practice. Changes of the provisions in the Charter shall be adopted by the Board with a formal resolution.

Annually, Board shall also conduct an appraisal and evaluate its performance vis-à-vis the provisions in the Board Charter. This review shall be administered by the Nomination and Remuneration Committee and reported to the Board.

End