SOUTHERN STEEL BERHAD

BOARD CHARTER

1. ROLE OF THE BOARD OF DIRECTORS ("BOARD")

1.1 The Board is responsible for directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles.

1.2 **Chairman**: The Board elects a Chairman whose primary responsibility is the efficient functioning of the Board. The Chairman shall also coordinate Board policies with the Chief Executive Officer ("CEO")/Group Managing Director ("GMD").

1.3 **CEO/GMD**: The Board appoints a CEO/GMD who is responsible for the management of the Company in accordance with the strategies approved by the Board.

2. MAIN FUNCTIONS / TERMS OF REFERENCE ("TOR") OF THE BOARD

The main functions or TOR of the Board are to:

2.1 approve, and from time to time review, the Company's corporate mission statement and broad strategies;

2.2 oversee the conduct of the Company's business to evaluate whether the business is being properly managed;

2.3 identify principal risks and ensure the implementation of appropriate systems to manage these risks;

2.4 review and approve specific investments and divestments which the Board had determined should be referred to it, before implementation;

2.5 review and approve material transactions before implementation;

2.6 ensure that the Company has adequate management resources to achieve its objectives and to support the CEO/GMD and that a satisfactory plan for management succession is in place;

2.7 develop and implement an investor relations programme or shareholder communications policy for the Company;

2.8 review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and

2.9 if deemed necessary, to appoint Nominating Committee/Remuneration Committee to recommend candidates for directorships and remuneration of executive directors.

../2

3. ROLE OF THE CHAIRMAN

The Chairman is responsible for coordinating the activities of the Board and has the following specific responsibilities:

3.1 to conduct meetings of the Board and of shareholders;

3.2 to schedule Board meetings in a manner that enables the Board and its Committees to perform their duties responsibly while not interfering with the flow of the Company's business;

3.3 to prepare, in consultation with the CEO/GMD, other directors and Committee chairmen the agendas for the Board and Committee meetings;

3.4 to define the quality, quantity and timeliness of the flow of information between management and the Board;

3.5 to ensure that issues raised, or information requested, by any director are responded to promptly and as fully as possible; and

3.6 to be principally responsible for evaluating the CEO/GMD's performance and to meet with the CEO/GMD to discuss the Board's requirements and expectations and the evaluation of the CEO/GMD's performance by the Board.

4. ROLE OF THE CEO/GMD

The CEO/GMD is the senior executive of the Company and is responsible for:

4.1 formulating the vision for the Company and recommending policy and the strategic direction of the Company for approval by the Board;

4.2 providing management of the day-to-day operations of the Company; and

4.3 acting as the spokesman of the Company.

5. PROCEEDINGS OF DIRECTORS

The proceedings of any Board, where applicable, shall be governed by the provisions of the Articles of Association regulating the proceedings of Directors.

6. BOARD COMMITTEES

The Board is assisted by various Board Committees in the discharge of its duties. The Board Committees will deliberate and examine issues in greater detail within their respective TOR and make the necessary recommendations to the Board which retains full responsibility.