

TITLE :

**BOARD CHARTER**

## Part 1 Introduction and purpose of Board Charter

- 1.1 Since its inception in 1978, Hua Yang Berhad continues to hold steadfast to the belief that the vision of making affordable homes a dream come true for many Malaysian is a realistic and attainable goal. Today, Hua Yang has strengthened its presence as one of the nation's leading property developers in the affordable segment and strives to be the market leader.

The Board of Directors (Board) believes that strong corporate governance is essential for delivering sustainable value, enhancing business integrity and maintaining investors' confidence towards achieving the Group's corporate objectives and vision.

The purpose of this Board Charter is to promote the highest standards of Corporate Governance within the Group and to clarify, among others, the roles and responsibilities of the Board as well as a general statement of intent and expectation as to how the Board discharges its duties and responsibilities.

- 1.2 The Vision of Hua Yang is to provide affordable housing for a developing nation.

- 1.3 The Mission of Hua Yang is as follows:-

- Empowering Malaysians to achieve their dream homes.
- Protecting and enhance the interest of our stakeholders.
- Ensuring quality in our products and performance.

- 1.4 The Core Values of Hua Yang (DREAMS) are as followed:-

- Dependable  
The smallest details get our full attention as we develop homes that owners can be proud of.
- Reliable  
Hua Yang aspires to offer quality and reliable homes.
- Efficient  
Performing efficiently is not a goal nor mission, it is our culture.
- Affordable  
Providing Malaysians with affordable home is our pioneering vision.
- Motivated  
We strive to do our best in building homes that meet the needs of Malaysians.

- Sustainable  
Sustainability is key in building a home for generations.

## **Part 2 Definition**

### **2.1 In this Charter:**

"Act"	- the Companies Act 2016;
"Board"	- the Board of Directors of the Company;
"CEO"	- the Chief Executive Officer of the Company;
"Chairman"	- the Chairman of the Board and is used in a gender neutral sense;
"Company"	- Hua Yang Berhad;
"Company Goals"	- the goals of the Company as set out in Part 3.1;
"Group"	- Hua Yang Berhad and its subsidiary companies;
"Management"	- the management personnel of the Company;
"Management Limitations"	- the limitations on the actions of Management as set out in paragraph 4.5.2;
"Directors"	- Directors of the Company;
"Secretary"	- the Board Secretary or the person normally exercising the functions of a Board Secretary;
"Shareholders"	- the shareholders of the Company.

**PROCEDURE MANUAL****Part 3 Company Goals****3.1 General**

- 3.1.1 The business goal of the Company is to maximize the Group's earning.
- 3.1.2 The objective of the Company to sustain profitability while providing quality and affordable housing to its customers.
- 3.1.3 The strategies of the Company are as follows:
- To acquire quality land bank in strategic areas at affordable prices
  - To have short holding periods for land acquired, i.e. prompt development
  - To have continuous review of cost exercise
- 3.1.1 The Board and Management shall ensure that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.
- 3.1.2 The Board and Management must understand potential risks and incorporate risk management as well as sustainability considerations into strategic decision making;
- 3.1.3 The Board and Management shall review the business strategy regularly and in the situation of a rapidly changing environment and market condition, at shorter interval.
- 3.1.4 The capital and resources of the Company will be allocated to those assets and activities which will enable the Company to achieve the Goals in a manner best serving the interest of all the Stakeholders.

**Part 4 Board Governance Process****4.1 Board Responsibilities**

- 4.1.1 Representing and promoting interest of the shareholders with a view to adding long-term value to the Company's shares.
- 4.1.2 Ensuring the positions of Chairman and CEO are held by different individuals.
- 4.1.3 Ensuring the Company Goals are clearly established, and that strategies plan developed by Management support long term value creation and includes strategies on economic, environment and social consideration underpinned by sustainability;
- 4.1.4 Directing future expansion and reviewing investment made by the Company;

- 4.1.5 Together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behavior;
- 4.1.6 Establishing policies to strengthen the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- 4.1.7 Monitoring the performance of Management to determine whether the business is being properly managed;
- 4.1.8 Appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the Company;
- 4.1.9 Formulating the succession plan to ensure that all the candidates appointed to senior management positions are of sufficient calibre and that there are programmes to provide for the orderly succession of senior management;
- 4.1.10 Deciding on steps to be taken to protect the Company's assets and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.
- 4.1.11 Ensuring proper procedures are in place to ensure the Company's financial statements are true and fair and prepared based on the applicable accounting standards. The financial performance of the Group are reviewed for integrity and approved by the Board;
- 4.1.12 Ensuring that the Company has in place appropriate risk management/compliance policies and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
- 4.1.13 Ensuring that the Company has in place procedures to enable effective communication with stakeholders;
- 4.1.14 Ensuring the Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practice. The appointment and removal of the Secretary shall be a matter of the Board as a whole.

## **4.2 The Board's Relationship with Shareholders**

- 4.2.1 The Board will use its best endeavour to familiarize itself with issues of concern to shareholders.
- 4.2.2 The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of Shareholders and, if thought appropriate, will take necessary actions including taking outside expert advice on these matters.

4.2.3 The ways of communication to shareholders and investors, amongst others, are as follows:-

- Timely announcement and disclosures made to the Bursa Malaysia, which include quarterly financial result, changes in composition of the Group and any other material information that may affect investors' decision making;
- Press conference may be held if required after the AGM and/or EGM to provide the media an opportunity to receive an update from Board to address any query or area of interest of the media and provide up-to-date information on the Group's key corporate initiative, new products and services launches;
- Access to Company's website to show Group's corporate information, investor relations, projects and /or others disclosures of the Group for reference on the Company's website.
- Communication with shareholders at shareholders' meetings and through the distribution of its annual reports.

4.2.4 The AGM is the principal forum for dialogue with shareholders. The Board encourages shareholders to participate in the question and answer session at the AGM.

### **4.3 Board Composition**

4.3.1 The composition of the Board will reflect the duties and responsibilities that is to be discharged and performed as representative of the interests of shareholders, and in setting the Company's strategy and seeing that it is implemented.

4.3.2 Generally, the qualifications for Board membership are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholder value, the ability to see the wider picture, the ability to ask the critical questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of shareholders and the achievement of the Company goals.

4.3.3 Independent Non-Executive Directors will be active in areas which enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations. They will be independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. To be effective, Independent Non-Executive Directors should make up at least one third of the Board membership.

- 4.3.4 The size of the Board will be such that involvement, participation, harmony and sense of responsibility of the Director are not jeopardized. It must be large enough to ensure a range of knowledge, views and experience. Generally, in addition to the listing requirement that one third of the Board should comprise of Independent Non-Executive Directors, the Board should include a number of Directors which fairly reflects the investment in the Company by shareholders other than the significant shareholders.
- 4.3.5 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.
- 4.3.6 Directors shall retire from office at least once every three years but shall be eligible for re-election.
- 4.3.7 As a policy, the Company shall have at least one woman director on the Board.

#### **4.4 Role of Chairman**

- 4.4.1 The Chairman is principally responsible for the working of the Board which include: -
- Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions and ensuring the integrity and effectiveness of the governance process of the Board as set out in this Part 4.
  - Participating in the selection of Board members and ensuring that the membership is properly balanced.
  - Setting agenda for Board meetings, usually in conjunction with the CEO and Secretary. The Chairman should ensure that the agenda and all necessary background papers are given to Directors 7 days before the meeting to enable the papers to be adequately considered before the meeting.
  - Chairing meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director.
  - Facilitating meetings of the Board to ensure that no Directors, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming.
  - Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.
  - Ensuring the Company provides an orientation and education program for new directors.

- Initiating, normally in conjunction with the CEO, the formulation of a business plan to ensure that the Board establishes at the beginning of each year the goals it wishes to achieve and the means by which this will be carried out.
  - Initiating the establishment of Board Committees and ensuring that they achieve their objectives.
  - Leading the Board in establishing and monitoring good corporate governance practices in the Company in accordance with the Malaysian Code of Corporate Governance.
- 4.4.2 The Chairman acts as an informal link between the Board and Management and particularly between the Board and the CEO. No company is likely to run effectively and efficiently unless there is a good working relationship between the Chairman and the CEO.
- 4.4.3 The Chairman, along with all other Directors, should recognize that the CEO is the leader of the Company in all matters of Management and the Chairman is not expect to become involved in the Company's day-to-day operations. It is the CEO responsibility to report to the Board as a whole and not just to the Chairman.
- 4.4.4 The Chairman expects to be kept informed by the CEO of all important matters and will make himself available to the CEO for the following purposes:
- To be part of the control mechanism in ensuring that the CEO's decisions are properly considered and are sound;
  - To give assistance and advice when needed especially on sensitive matters which the CEO feels unable to discuss with other executives; and
  - To ensure that the CEO understands properly the Board's decisions and instructions.
- 4.4.5 The Chairman shall chair all general meetings where he will use this as an opportunity to inform shareholders of the Company's affair including its performance. He shall allow and encourage shareholders to have their say while remaining relevant to the matter at issue, and the Chairman must also have capability to summarize and unify thoughts and ideas and have control over the meeting so that the proceedings run smoothly.
- 4.4.6 The Chairman also leads the role in presenting the Company's proposal, whether formally or informally, with the authorities, institutional or potential investors and those having influence on the environment in which the Company operates.

## **4.5 Role of CEO**

### 4.5.1 The principal responsibilities of the CEO include:-

- The CEO is responsible in leading the management team, implementation of the policies/decisions approved by the Board, and acts as the Group's official spokesperson.
- The CEO is responsible to plan the future direction of the Group for the Board's consideration and approval.
- Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Directors or committees are not binding except in those instances where specific authorization is given by the Board.
- The CEO, in association with the Chairman, is accountable to the Board for the achievement of the Company goals and the CEO is accountable for the observance of the Management Limitations.

### 4.5.2 Management Limitations

- The CEO is expected to act within all specific authorities delegated to him by the Board.
- The CEO is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
- In allocating the capital and resources of the Company, the CEO is expected to adhere to the Company goals.
- The CEO is expected not to cause or permit any action without taking into account the health, safety, environment and political consequences and their effect on long-term shareholder value.
- The CEO is expected not to cause or permit any action that is likely to result in the Company becoming financially embarrassed.
- The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors.
- The CEO is expected not to permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.



- The CEO is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the Business and are proportionate to the extent that the contribution in question has furthered such purposes.

#### 4.5.3 Matters Reserved for Board

- Land / investment in subsidiary acquisitions, disposal, leasing and joint ventures with total purchase consideration at percentage ratio of 5% and above in respect of non-related party transaction and percentage ratio of 0.25% and above in respect of related party transaction as set in Listing Requirements.
- The approved Discretionary Authority Limit (DAL) should be read in tandem with this section.
- Transfer of funds within the Group shall be subject to the Board Resolution governing the mode of operation and signing conditions of each bank account.

In the event if a decision is required to be made by the Board, a Circular Resolution signed by all the members shall be valid and effective as if it has been passed at a meeting of the Board.

#### 4.6 Role of Senior Independent Non-Executive Director (“SINED”)

- 4.6.1 The role of the SINED is to provide a secured and confidential channel to address any concern conveyed to him directly on matters relating to the Company. He shall act as a sounding board for the Chairman and an intermediary for other Directors, when necessary and he shall act as the point of contact for shareholders and other stakeholders.
- 4.6.2 The identity and contact of the SINED shall be disclosed in the annual report of the Company.

#### 4.7 Role of Non-Executive Directors (“NED”)

- 4.7.1 The role of NEDs largely encompass the monitoring of Company performance and contributing to the development of the Company strategy, clarified as followed:
- Strategy: Constructively challenge and contribute to the development of Company strategy; and
  - Performance: Oversee the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

## **4.8 Role of Company Secretary**

4.8.1 The role and responsibilities of Company Secretary include:-

- Ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- Managing all Board and Committee meeting logistics, attend and record minutes of all Board and Committee meetings and facilitate Board communications;
- Advising the Board on its roles and responsibilities;
- Facilitating the orientation of new Directors and assist in Directors' training and development;
- Advising the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- Managing process pertaining to the annual shareholder meeting;
- Monitoring corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectation; and
- Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

4.8.2 The Company Secretary should be suitably qualified and possess the knowledge and experience to carry out his functions. The Company Secretary should undertake continuous professional development.

4.8.3 All Directors, particularly the Chairman, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the Business.

4.8.4 To facilitate robust Board discussion, the Chairman together with the Company Secretary should ensure that Directors are provided with sufficient information and time to prepare for Board meeting. The meeting materials should be circulated at least 7 days in advance of the Board meeting.

## **4.9 Board Committees**

- 4.9.1 The chairman of the Audit Committee must not be the chairman of the Board.
- 4.9.2 The Board shall establish Committees from time to time to assist the Board in the discharge of duties and responsibilities. The Board delegate certain functions to the Committees to assist in the execution of its responsibilities.
- 4.9.3 The authorised Committees shall operate under clearly defined term of reference which deal with its authority and duties, and such information must be available on the Company's website.
- 4.9.4 The Chairman of the respective Committees shall report to the Board the outcome of the Committees meetings and such reports or minutes will be included in the Board paper.

## **4.10 Board Procedures**

- 4.10.1 The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.
- 4.10.2 Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully, and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board. Directors who are unable to attend a meeting will advise the Chairman at an earlier date as possible and confirm in writing to the Secretary.
- 4.10.3 Board discussions will be open and constructive, recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.
- 4.10.4 Executive Directors attend the Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.
- 4.10.5 The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda. The Chairman in consultation with the CEO and the Secretary will set the agenda.
- 4.10.6 The Board will normally hold meetings at least four times in each financial year and will hold additional meetings as the situation requires.

- 4.10.7 Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management Committee Member.
- 4.10.8 Directors are expected to strictly observe confidentiality of Company's information.
- 4.10.9 In making policy, the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions, the Board will consider the policies against which the decisions are made.
- 4.10.10 The Board should ensure that all shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided in the General Meeting.

#### **4.11 Directors' Remuneration**

- 4.11.1 The Remuneration Committee is to establish and annually review of the remuneration packages for each individual Executive and Non-Executive Director and Management.
- 4.11.2 The remuneration of Directors and Management is determined at levels which will enable the Company to attract and retain the Executive Directors and Management in order to run the Company successfully.
- 4.11.3 There shall be detailed disclosure on a named basis of the remuneration paid to directors which includes all fees, salary, bonus, benefits-in-kind and other emoluments paid.

#### **4.12 Directors' training**

- 4.12.1 The Directors are required to undergo the Mandatory Accreditation Programme under the auspices of Bursa Malaysia. The Directors shall continue to update their knowledge and enhance their skills to ensure that they are acquainted with the relevant knowledge and ideas to discharge their duties and sustain active participation during Board deliberations.
- 4.12.2 All trainings attended by the Directors during the financial year shall be disclosed in the Annual Report.

#### **4.13 Provision of Business or Professional Services by Directors**

- 4.13.1 Generally, Directors shall not provide business or professional services of an ongoing nature to the Company.

4.13.2 Notwithstanding the general rule, the Company is at liberty to:

- For the purpose of a special assignment, engage the services of any Director having special expertise in the particular field; or
- Engage the services of a party related to a Director's of an organization so long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

#### **4.14 Other Board Appointment**

4.14.1 Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the business and does not affect his performance as a Director provided that he shall notify the Board before accepting the appointment.

#### **4.15 Independent Professional Advice**

4.15.1 Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director.

4.15.2 If a Director considers such advice is necessary he shall first discuss it with the Chairman and, having done so, shall be free to proceed.

4.15.3 Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.

#### **4.16 Board and Member Evaluations**

4.16.1 The Board will, each year, critically evaluate its own performance.

4.16.2 Individual Director will be evaluated by a process whereby the Board determines questions to be asked of each Director about him or herself and about each other including the Chairman, and the responses are collected and collated by the Chairman who then discusses the results with each Director. The Chairman's own position is discussed with the Deputy Chairman and/or the rest of the Board.

4.16.3 The Nomination Committees will assist the Board to annually review the required mix of the skills and experience and other qualities, including core competencies which Non-Executive should bring to the Board to ensure effectiveness of the Board as a whole.

#### **4.17 Indemnities and Insurances**

4.17.1 The Company shall make all reasonable effort to provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Act and law.

#### **4.18 Code of Conduct and Business Ethics**

4.18.1 Code of Conduct and Business Ethics applies to all employees in the Group. The Code has been summarized in the Company's Human Resource Guide Book.

4.18.2 The Board should ensure that its whistleblowing policies set out avenues where legitimate concerns can be objectively investigated and addressed. Individual should be able to raise concern about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

#### **Part 5 Board Charter Review**

5.1 The Board Charter shall be reviewed by the Board annually in accordance with the needs of the Company and in accordance with any new regulations that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendment to the Charter can only be approved by the Board.

This policy statement on the Board Charter is approved and adopted by the Board of Directors of **Hua Yang Berhad** effective from 24 January 2018.

Confirmed by

Chairman  
Signed for & on behalf of the  
Board of Directors of **Hua Yang Berhad**