

**PROCEDURE MANUAL****1. DEFINITIONS**

"Board"	- the Board of Directors of the Company;
"Code"	- Code of Conduct and Business Ethics.
"Company"	- Hua Yang Berhad;
"Directors"	- Directors of the Company;
"Employees"	- any employee of the Company and shall include contract, secondment, temporary employees and interns.
"Family Members"	- include Director's or employee's spouse, parent, child (including adopted child and step child), brother, sister and the spouse of his / her brother or sister or child
"Hua Yang Group" or "Group"	- Hua Yang Berhad and its subsidiaries;
"Senior Management"	- the senior management personnel of the Company;

**2. INTRODUCTION**

- 2.1 Hua Yang Group is committed to maintaining a high standard of code of conduct and business ethics to create an environment of mutual trust whilst increasing the confidence of the stakeholders, the shareholders and most importantly, the public at large.
- 2.2 The Group is committed to the highest standard of conduct in its relationships with its Directors, employees, customers, members / participants, shareholders, stakeholders, regulators and the public, premised on the core values of integrity, dependability and reliability and on the unwavering commitment to build affordable and sustainable housing accommodation of quality for the public.
- 2.3 This Code is to provide the fundamental guiding principles where such principles and standards are founded on high standards of professional and ethical practices. It should be read in conjunction with the existing framework of all relevant laws and regulations as well as the policies and procedures of the Group including any relevant best practices / standards in corporate governance and provisions of the constitutions of companies within the Group.
- 2.4 The Code is a guide to assist the Company's Directors and all employees to live up to the Company's high ethical business standards and it provides guidance on employees' conduct when dealing with other parties that have business dealings with the Company. It also provides guidelines in the manner employees should conduct themselves at the work place, while performing their daily duties for the Company.

### **3. RESPONSIBILITY AND ACCOUNTABILITY**

#### **3.1 Employees**

All employees are to comply with this Code and unawareness of the existence of this Code will not be accepted as an excuse for its breach. Disciplinary action will be initiated against those who violate this Code. Senior Management has the added responsibility to demonstrate exemplary conduct and lead the employees under their supervision in the application of the Code in their daily business conduct. The Company will require all employees to sign a declaration to abide by this Code and it will be continuously updated to meet the Company's business requirements.

#### **3.2 Directors**

Directors exercise independent oversight and make decisions solely on merits. As Directors of the Group, they are obliged to carry out their duties in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon them and in accordance with the applicable laws, rules, regulations, guidelines and internal policies and relevant procedures. The Directors should acknowledge that they must exercise judgment in applying the principles embodied in the Code to any particular situation.

### **4. DIRECTORS AND EMPLOYEES CONDUCT**

4.1 The Group is committed to fostering an inclusive environment where everyone is treated with respect, trust and dignity. Furthermore, the Group expect all Directors and employees to conduct themselves in a manner to maintain a high standard of quality in their performance to achieve the targeted productivity.

#### **4.1.1 Respect**

All employees including Directors should treat superiors, peers, subordinates and external stakeholders with respect, trust, honesty and dignity.

#### **4.1.2 Equal Opportunity and Non-Discrimination**

The Group provides equal opportunities to all and endeavours to ensure that employment decisions are based on relevant qualifications, merit, performance and other job-related factors and in compliance with all applicable laws and regulations.

All employees including Directors should not discriminate based on gender, race, disability, nationality, religion, age or sexual orientation unless specific laws or regulations expressly provide for selection according to specific criteria.

#### **4.1.3 Harassment and Violence**

Any type of harassment and violence will not be tolerated. These actions or behaviours include derogatory comments based on gender, racial or ethnic characteristics, and unwelcomed sexual advances, spreading of malicious rumours or use of emails, voicemail and other forms of communication channels to transmit derogatory or discriminatory material.

**PROCEDURE MANUAL****4.1.4 Illegal Substances**

The Group strictly prohibits the use or transfer of illegal drugs or other illegal substances in the workplace.

**4.1.5 Criminal Activities**

All employees including Directors must not engage or become involved in any behaviour or activities that may be categorised as subversive or commit any wrongdoing, criminal or otherwise that is punishable under the laws.

**4.1.6 Environment, Occupational Safety and Health**

The Group strives to provide a safe, secure and healthy working environment. All employees including Directors must create and maintain a safe working environment to prevent workplace injuries by:

- Using all devices provided for own protection;
- Ensuring that protective devices are in good working condition;
- Reporting immediately unsafe equipment and tools, hazardous conditions and accidents to the Senior Management; and
- Complying with the Occupational Safety and Health laws and regulations.

All employees including Directors are responsible for the safety of fellow employees and the general public are encouraged to promptly report any breaches of environmental, safety and health laws at the workplace.

**4.1.7 Personal Data Protection**

The Group respects the privacy and confidentiality of its employees, Directors, business partners and customers' personal data. Personal data should be kept private and protected, unless access is granted for legitimate business purposes.

If any employee or Director has access to such data, they are required to comply with the applicable laws, such as Personal Data Protection Act, and also the Group's policies. Appropriate measures must be taken if dealing with personal data in terms of collection, processing, disclosure, security, storage and retention.

**4.1.8 Professionalism**

When dealing with the public and others who seek the Group's service, all employees and Directors must at all times conduct themselves in a professional manner as representative of the values of the company. This means but is not limited to accepted standards of personal conduct and behaviours reflecting professional discretion, sound judgment, efficient, good grooming, courteousness, proper business manners with a mature and professional work attitude and ethics.

## **5. BUSINESS ATTRIBUTES**

- 5.1 **Duty to act in the best interest of the Group**  
The Directors and employees of the Group have a duty to act in the public interest and to ensure the maintenance of fair, orderly and transparent market. They also have a duty to act in good faith having regard to the best interests of the Group and its shareholders and stakeholders.
- 5.2 **Integrity**  
Professionalism, honesty and integrity must at all times be upheld in the Group's business dealings with customers, vendors, suppliers, contractors, government, regulators, investors, the business community as a whole and in the relationship of its own employees.
- 5.3 **Sustainability**  
Directors shall take into account sustainability considerations in setting the strategy direction of the Group.

## **6. BUSINESS CONDUCT**

### **6.1 CONFLICT OF INTEREST**

- 6.1.1 A conflict of interest arises when an employee or Director has a personal interest that could be seen to have the potential to interfere with objectivity in performing duties or exercising judgement on behalf of the Group in which such gain or advantage adversely affects the Company's interest.
- 6.1.2 Every Director or employee is required to avoid any conflict between their personal interest and the interest of the Group in dealing with the Group's business associates.
- 6.1.3 The following guidelines should be observed to avoid potential conflicts:
- a) Dealings with suppliers, customers, agents and competitors  
Any Director or employee or their family members must not have:
    - Any shareholding interest in a supplier, customer, agent or competitor of the Group, except that in the case of a public listed company where an interest of less than 5% equity holding will be disregarded; and
    - Any business dealing or contractual arrangement with any company in the Group. This excludes purchases for personal consumption, or purchases which are on no more favourable terms than those offered to staff or the public.

With the exception of the above instances, employees are prohibited from receiving commission from business partners and competitors of the Group.
  - b) Personal dealings with suppliers and customers  
Every Director or employee must ensure that their personal business dealings with suppliers and customers are on an arm's length basis e.g. purchases which are on no more favourable terms than those offered to the public.

- c) Outside employment and activities outside the Group  
Full-time employees must not take up employment outside the Group or engage in any outside business / service which may be in competition with the Group or give rise to actual or perceived or potential conflict of interests with the duties in the Group.

Unless written approval is obtained from respective head of department, no employee is allowed to be a member of the government, quasi-government or statutory bodies or become office bearer, council member, committee member of trade or professional associations. This restriction does not apply to social or community-related clubs and associations.

- d) Board Membership  
Directors may only be allowed to serve on the Boards of government agencies / bodies and / or companies / unincorporated entities outside the Group, with written approval from the Chairman of Nomination Committee. If the Chairman of the Nomination Committee is the party seeking approval, the approval should then be sought from the Chairman of the Board.

The exception to this is where such board appointments relate to family businesses or companies / unincorporated entities formed by not-for-profit organisations (e.g. social or community-related clubs and associations).

- e) Family members and close personal relationships  
A Director or employee should not hire, recommend hiring, exert influence over hiring decisions, supervise, affect terms and conditions of employment or influence the senior management of any family members engaged by the Group. Family members of Directors or Employees may be hired as employees or consultants only if the appointment is based on qualification, performance, skills and experience, and in accordance with the Group's HR policies and procedures.

A Director or an employee must also disclose business activities in the Group which involves family members and refrain from any related decision-making process.

Any substantial interest held by the family members of the Directors or employees family members in a competing company or other related companies must be declared.

## 6.2 ANTI-CORRUPTION / BRIBES

- 6.2.1 To observe high standards of business, professional and ethical conduct, all Directors and employees (whether acting in their own capacity or on the Group's behalf) must refrain themselves from offering, giving or receiving any gifts and any other form of benefits in-kind, cash, advantages and/or favour and etc) from persons or entities who deal with the Group where the gift would reasonably be expected to influence the performance of the Director's or employees duties in any aspect.

- 6.2.2 All Directors and employees must comply with all applicable anti-bribery and corruption laws and regulations.

#### 6.2.3 Corrupt practices include:

- Commissions that any Director or employee has reason to suspect will be perceived as bribes or has reason to suspect will be used by the recipient to pay bribes or for other corrupt purposes; and
- Facilitation payments ('grease payments') which are regarded as payments to government officials to gain access, secure or expedite the performance of a routine function they are in any event obligated to perform. The Group does not allow facilitation payments to be made. All Directors and employees must inform the appropriate compliance personnel when encountering such an event. If any payment has been made and could possibly be misconstrued as a facilitation payment, the appropriate compliance personnel must immediately be notified and the payment recorded accordingly.

6.2.4 All employees including Directors must not directly or indirectly be involved in any corrupt conduct, which include but not limited to the abuse of position / authority and falsification of documents.

6.2.5 All employees including Directors must also refrain from any activity or behaviour that could give rise to the perception or suspicion of any corrupt conduct or the attempt thereof. Promising, offering, giving or receiving any improper advantage in order to influence the decision of the recipient or to be so influenced may not only result in disciplinary action but also criminal charges.

6.2.6 All employees including Directors shall not suffer demotion, penalty or other adverse consequences for refusing to pay or receive bribes even if such refusal may result in the company losing its business or not meeting the targets.

6.2.7 Solicitation and acceptance of bribes in any form or manner is a serious misconduct and may result in disciplinary action.

### 6.3 GIFT AND ENTERTAINMENT

6.3.1 Extravagant entertainment, including gifts are not permitted and should not form the basis of any business transaction with the Group as the Group seeks to promote business relationship based on merit, integrity and transparency.

6.3.2 Every Director or employee is not permitted to accept cash gifts and should also reject non-cash gifts or gifts in-kind. However, items that are distributed as part of company's public relations efforts or promotions campaign may be accepted if they are of nominal value and on festive occasions only. Generally, the practice of giving and receiving gifts is discouraged.

6.3.3 Every Director or employee should not accept gifts in the form of air tickets, gift certificates or any other similar payments. Other gifts in this category include loan or cash advance, materials, services, repairs or improvements/upgrades at no cost or nominal cost, etc. A

breach in this respect may lead to the termination of service of the Director or employee and the relationship between the Company and the business associate involved. Gifts accepted by any Director or employee should be declared and surrendered to the Admin / Branch Manager, where a register of such gifts is kept. A copy of the Declaration form shall be extended to Admin for record purposes.

- 6.3.4 Any entertainment must have a transparent business objective, must not be extravagant and must be within the means of being reciprocated by the Director or employees within the parameters of this entertainment policy and must not prejudice any business transaction.

#### 6.4 DONATIONS AND SPONSORSHIPS

- 6.4.1 Donations and sponsorships are part of the Group's commitment to society and a way of contributing to worthy causes. Unfortunately, even legitimate donations and sponsorships sometimes have the risk of creating the appearance of bribery and corruption.
- 6.4.2 All employees including Directors must ensure that all donations and sponsorships on behalf of the Group are given through legal and proper channels. Particular care must be taken in ensuring that the charities or sponsored organisations on the receiving end are valid bodies and are able to manage the funds properly.
- 6.4.3 All Directors and employees should also avoid situations where conflict of interests could arise from making donations or sponsorships and should always beware of making contributions to charities or sponsored organisations that may have links to government officials or their families, as this could be seen as an act to influence the official's decision in gaining benefit to the Company.
- 6.4.4 Prior approval in accordance with established procedures should be obtained before making donations or sponsorships on behalf of the Group. Approved donations and sponsorships should be made transparently and recorded accurately.

#### 6.5 PROTECTING THE GROUP AND SHAREHOLDERS

- 6.5.1 Use of resources and protection of the Group's assets
  - a) All Directors and employees are provided with a variety of resources and access to the assets of the Company and regardless of the condition or value, assets belonging to the Company shall not be misused, taken, sold, lent, given away or otherwise disposed of, or used for personal purposes to the extent that it would affect the interest of the Company.
  - b) All employees including Directors have a duty to safeguard the Company's assets, including its physical premises, equipment and facilities as well as the records and information/ data (both physical and electronic means).

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- c) Company's assets shall only be used in a safe, ethical and lawful manner and shall not be used for pursuing improper personal gain or opportunity.
- d) Employees shall return all the Company's assets entrusted to them upon cessation of their employment including documents which contain the Company's proprietary information. Additionally, they may not disclose or use the Company's proprietary or confidential information.

**6.5.2 Accuracy of financial information**

- a) The Group is committed to ensuring the integrity of financial information for the benefit of its shareholders and other stakeholders.
- b) All business records and documents must be prepared accurately, reliably and in a timely manner.
  - These records must conform to generally accepted accounting principles as well as to all applicable laws and regulations of the jurisdiction in which the Group operates; and
  - Such records are important to the Group's decision making processes and the proper discharge of its financial, legal and reporting obligations.

Falsification of financial or any other records or misrepresentation of information may constitute fraud and can result in civil and criminal liabilities for Directors and all employees of the Group.

**6.5.3 Confidentiality**

- a) All Directors and employees are entrusted to keep the Group's terms and conditions of services and business secrets in strict confidence in order to protect and maintain the Group's competitiveness. Similarly, any confidential information provided to the Group by our business associates and customers should be protected.
- b) All Directors and employees who breaches this trust is liable for disciplinary action as mentioned in clause 4.1.2 of the Human Resource Guidebook.
- c) Directors may come into possession or access to confidential, sensitive and non-public information ("Insider Information") in the course of their dealings with the Group. Directors must treat all such information in strictest confidence and not to disclose such information to any unauthorised person. All necessary precautions are to be taken to maintain such confidentiality and not to use it, directly or indirectly, for any purpose other than what it has been intended for, except when disclosure is authorised or legally required.
- d) The obligation to preserve the Group's Insider Information should continue even after the Director cease to hold directorship in the Group.



#### 6.5.4 Insider trading, securities trading and public disclosure

- a) As a public listed entity, the Company is required to comply with various laws and regulations to make timely, full and fair public disclosure of information that may materially affect the market for its stock.
- b) Directors and Senior Management of the Group are not allowed to trade in securities or other financial instruments based on knowledge that is obtained in the performance of their duties, if that information has not been reported publicly.
- c) All employees including Directors must also refrain from disclosing Insider Information to anyone, including family members and friends, unless disclosure is required by any order of any court of competent jurisdiction or any competent judicial, governmental or regulatory authority.
- d) Disclosure of material, non-public information to others can result in civil and criminal penalties.

#### 6.5.5 Information technology

- a) All computer facilities must be safeguarded against theft, damage and improper usage. The Group does not permit the usage of computer facilities involving sensitive and illegal matters, infringement of Intellectual Property rights, unauthorised access, misuse of the Company's time and resources and risking the integrity of computer facilities.
- b) The Group reserves the right to monitor email messages, instant messaging, use of the internet and contents in Group issued computer facilities. This information can be recovered and used as evidence in domestic proceedings and courts of law or disclosed to the authorities or regulatory bodies as the case may be.
- c) The Group's computer facilities are primarily for the business purposes for which they are intended for. The computer facilities include access to the Internet, email services and all other computer hardwares, softwares and peripherals.

#### 6.5.6 Records management

The Group's documents and records are meant for business purposes and requirements, compliance with legal, tax, accounting and regulatory laws. Every employee including Director must control and maintain such records so that they are accurate, up-to-date, legible, readily identifiable and retrievable. Directors and employees must also ensure that all records are handled according to the appropriate level of confidentiality, in accordance with any applicable policy and procedure and in conformity with all applicable laws and regulations.

#### 6.5.7 Business communication

All employees including Directors must ensure that all business communications are clear, truthful and accurate to avoid misleading information, speculative opinions or derogatory remarks. This applies to communications of all kinds, including e-mail and informal notes or memos.

#### 6.5.8 Social media

All employees have the responsibility to protect Hua Yang Group's reputation and brand image. When using private social media accounts all employees including Directors must ensure that all posts reflect only personal opinions and does not negatively affect public perception of Hua Yang Group. Extra precaution should be taken to ensure that all confidential and proprietary business information are not shares with the public.

Employees who are tasked to manage the Group's official social media accounts are also responsible in ensuring that the management of the accounts, and the activities within, are in accordance to the HR policies and procedures.

#### 6.5.9 Fair dealing and anti-competition

In the interest of preserving the reputation and integrity of the Group, all Directors shall act impartially, honestly and responsibly in dealing with all employees, stakeholders, regulators and public where he/ she shall not:-

- compete or aid / assist other competitors to compete with the Group; and
- take unfair advantage of anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material facts, or any unfair dealing practice.

#### 6.5.10 Compliance with laws, rules and regulations

All Directors in exercising and / or discharging his / her powers or duties shall comply with all applicable laws, rules and regulations including the constitutions of the Group and guidance and directives issued by the authorities.

### **7. REPORTING VIOLATIONS OF THE CODE**

- 7.1 The Company may take disciplinary action against any employee or Director in the event of misconduct and inconsistent with the fulfilment of the expressed or implied condition of service, inefficiency or indiscipline or any breach of the terms of the letter of employment and such action shall be confirmed in writing.
- 7.2 Directors must immediately report any concern about possible/actual breaches of this Code by any Director to the Chairman (or the Senior Independent Director, where applicable) and strictly observe the relevant internal document i.e. the Whistleblower Policy

## **8. REVIEW**

This Code shall be reviewed by the Board every three (3) years or as required when internal or external events warrant a more frequent review to be undertaken.

## **CONTACT US**

Emails	:	<a href="mailto:choo_sc@huayang.com.my">choo_sc@huayang.com.my</a>
Telephone	:	03-61884488
Letters to be addressed to	:	AC Chairman Independent Non-Executive Director Hua Yang Berhad C-21, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor.

## **BY ORDER OF THE BOARD OF DIRECTORS**

**Chairman**  
**Board of Directors of Hua Yang Berhad**