



(Company No. 1313166-D)  
(Incorporated in Malaysia under the Companies Act, 1965)

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**BOARD CHARTER**

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| Category       | <b>Corporate Governance</b> |
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## **TABLE OF CONTENTS**

|   | Page |
|---|------|
| 1. INTRODUCTION                                     | 4    |
| 2. OBJECTIVE  | 4    |
| 3. THE BOARD  |      |
| 3.1 Roles and Responsibilities                      | 5    |
| 3.2 Authority                                       | 5    |
| 3.3 Composition and Board Balance                   | 6    |
| 3.4 Appointments                                    | 7    |
| 3.5 Re-election                                     | 8    |
| 3.6 Supply of Information                           | 8    |
| 3.7 Vacancy   | 9    |
| 4. MEETINGS   | 9    |
| 5. CIRCULAR RESOLUTIONS                             | 10   |
| 6. THE ROLES AND RESPONSIBILITIES OF A DIRECTOR     |      |
| 6.1 General   | 10   |
| 6.2 Directors' Duties                               | 10   |
| 6.3 Directors' Liabilities                          | 11   |
| 7. CONFLICT OF INTEREST                             | 12   |
| 8. ROLES CHAIRMAN AND MANAGING DIRECTOR             |      |
| 8.1 Roles of Chairman                               | 12   |
| 8.2 Roles of Managing Director                      | 13   |
| 9. BOARD COMMITTEES                                 | 14   |
| 9.1 Audit and Risk Management Committee             | 14   |
| 9.2 Nomination and Remuneration Committee           | 16   |
| 9.3 Steering Committee                              | 17   |
| 10. REMUNERATION LEVELS OF DIRECTORS                | 18   |
| 11. FINANCIAL REPORTING                             |      |
| 11.1 Transparency                                   | 19   |
| 11.2 External Auditors                              | 19   |
| 11.3 Internal Controls and Risk Management          | 20   |
| 12. GENERAL MEETINGS                                |      |
| 12.1 Annual General Meeting                         | 20   |
| 12.2 Extraordinary General Meeting                  | 20   |
| 13. INVESTOR RELATION AND SHAREHOLDER COMMUNICATION | 21   |
| 14. RELATIONSHIP WITH OTHER STAKEHOLDERS            | 21   |
| 14.1 Employees                                      | 21   |
| 14.2 Environment                                    | 22   |
| 14.3 Social Responsibility                          | 22   |
| 15. COMPANY SECRETARY                               | 22   |
| 16. APPLICATION                                     | 23   |

**H HEALTHCARE BERHAD**  
**(1313166-D)**

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| <b>BOARD CHARTER</b> |
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**Definitions**

|                          |  |
|--------------------------|--|
| AA                       | HHB's Articles of Association  |
| AGM                      | Annual General Meeting   |
| ARMC                     | Audit and Risk Management Committee  |
| Bursa Securities         | Bursa Malaysia Securities Berhad   |
| Board                    | The Board of Directors of HHB  |
| CA                       | Companies Act, 1965  |
| Company or HHB           | H Healthcare Berhad  |
| Director                 | A member of the Board  |
| EGM                      | Extraordinary General Meeting  |
| Executive Director       | Director with executive powers and who participates in the management of HHB, excluding the MD   |
| Group                    | HHB and its subsidiaries (based on accounting concept and as recognised in the financial statements)                                       |
| Independent Director     | A Director who does not participate in the management of the Company and who satisfies the criteria for "independence" set out in the MMLR |
| Limits of Authority      | Limits of authority of HHB which set out the limits of authority of the Board, MD, ED and the Management                                   |
| Management               | MD and Senior Management of HHB  |
| MCCG                     | Malaysian Code on Corporate Governance 2012  |
| MD                       | Managing Director of HHB   |
| MMLR                     | Main Market Listing Requirements of Bursa Securities   |
| Non-Independent Director | A Director who does not satisfy the criteria for "independence" set out in the MMLR  |
| NRC                      | Nomination and Remuneration Committee  |
| SC                       | Steering Committee   |

## **1. INTRODUCTION**

The Directors regard good corporate governance as vital to the success of the Company's business. The Directors are unreservedly committed to ensuring that the following principles of good corporate governance are practised in all of the Company's dealings:-

- The Board shall be the focal point of the Company's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
- All Board members shall act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members shall be responsible to the Company for achieving a high level of good governance.
- This Board Charter shall constitute and form an integral part of each Director's duties and responsibilities.

## **2. OBJECTIVE**

The objective of this Board Charter is to ensure that all Board members acting on behalf of the Company are aware of their roles, duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf, of the Company.

### **3. THE BOARD**

#### **3.1 Roles and Responsibilities**

3.1.1 The Board must lead and manage the Company effectively and responsibly. The Board has adopted the following corporate governance guidelines for effective discharge of its duties and responsibilities:-

- a) Reviewing and adopting the strategic plan for the Group;
- b) Overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
- c) Identifying the principal risks and ensuring the implementation of appropriate systems to manage these risks;
- d) Succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
- e) Developing and implementing an investor relations programme or shareholders' communications policy for the Group;
- f) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, and directives and guidelines;
- g) Reviewing and approving financial statements;
- h) Reviewing and approving the ARMC report at the end of each financial year;
- i) Reviewing and approving the Company's annual report; and
- j) Prepare a corporate governance statement in compliance with MCCG and an internal control statement for the annual report.

#### **3.2 Authority**

3.2.1 The Board must establish written policies and procedures to provide a sound framework of authority and accountability within the Group and to facilitate proper corporate decision-making at the appropriate level in the Group's hierarchy.

The day-to-day operations of the Company shall be managed and administered by the Senior Management of the Company, subject always to the policies and procedures set by the Board.

3.2.2 Subject to the limits stated in the Limits of Authority, the Board reserves full decision-making powers on the following matters:-

- a) material acquisitions and disposition of assets;
- b) investments in capital projects;
- c) material borrowings;
- d) related party transactions;
- e) treasury policies;
- f) risk management policies; and
- g) key human resource issues.

- 3.2.3 The Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.
- 3.2.4 The business of the Company shall be managed by the Directors who may exercise all such powers of the Company, and do on behalf of the Company all such acts as are within the scope of the Memorandum and Articles of Association of the Company and as are not by the CA or by the AA required to be exercised or done by the Company in general meeting, subject nevertheless to the AA, to the provisions of the CA, and to such regulations, being not inconsistent with the AA, as may be prescribed by the Company in a general meeting, but no regulation made by the Company in a general meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

### **3.3 Composition and Board Balance**

- 3.3.1 The Board must comprise a balance of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) such that no individual or small group of individuals can dominate the Board's decision making.
- 3.3.2 The Board must consist of qualified individuals with diverse age, ethnicity, gender, experiences, backgrounds and perspectives. The Board must be of such composition and size that they facilitate the making of informed and critical decisions. Unless otherwise determined by the Company in general meeting, the number of Directors must not be less than three (3) nor more than fifteen (15).
- 3.3.3 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members must be Independent Directors.
- 3.3.4 The Chairman of the NRC must be a Senior Independent Director, to whom concerns from the other Directors, public or investors may be conveyed. Inquiries or complaints about decisions or actions taken by the Group should be addressed to the Senior Independent Director.
- 3.3.5 The Independent Directors must provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.3.6 The tenure of directorship of Independent Director must not be fixed arbitrarily and imposition of fixed term limits does not necessarily assure independence. This may be reviewed in the future with full cognisance of the fact that the Board may not want to lose individuals who are of high calibre and integrity and still able to perform independently and effectively despite the long tenure.
- Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.
- Otherwise, the Board must justify and seek shareholders' approval at Annual General Meeting in the event it retains the Director as an Independent Director.
- 3.3.7 The Independent Directors must ensure that the interests of all shareholders, and not only the interests of a particular faction or group, are taken into account by the Board. The Board must consider all relevant issues objectively and impartially.
- 3.3.8 The views of the Independent Directors carry significant weight in the Board's decision-making process. If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes must clearly reflect this.

- 3.3.9 The Board, through the NRC, must annually review its composition considering the benefits of all aspects of diversity in order to maintain an appropriate range and mix of skills, experience, background and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

In order to assess Directors' independence on an annual basis, the Company must incorporate questions in its annual Board assessment on whether its Directors view its members as able to exercise judgement in problem solving and having independence and objectivity in decision making.

- 3.3.10 On boardroom diversity, the Board is supportive of boardroom diversity in terms of age, gender and ethnicity as recommended by MCCG and Bursa Securities. The Company does not set any specific target on boardroom diversity in terms of age, gender and ethnicity. However, the Board through the NRC will continuously review the Board composition taking into consideration the appropriate skills, experience and characteristics required by the Board members, in the context of the needs of the Group.

- 3.3.11 The Directors must within fourteen (14) market days notify the Board upon accepting any new Directorship.

### **3.4 Appointments**

- 3.4.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NRC. In making its recommendation, the NRC must consider the integrity and judgement, knowledge, diversity, commitment, independent judgement, performance and contribution, experience and accomplishments, board interaction and any other criteria deemed fit, of the candidates.

The Board shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with the AA of the Company.

Any Director so appointed shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

- 3.4.2 The continuing Directors or sole continuing Director may act notwithstanding any vacancy in their body but if as long as their number is reduced below the number fixed by or pursuant to the Company's AA as the quorum of Directors, the continuing Director or Directors may act for the purpose of increasing the number of Directors to such minimum number or of summoning a general meeting of the Company, but for no other purposes except in an emergency. If there are no directors or director able or willing to act, then any two (2) members may summon a general meeting for the purpose of appointing Directors.

- 3.4.3 New Directors are expected to have such expertise as to qualify them to make a positive contribution to the Board performance of its duties. New Directors are required to commit sufficient time to attend the Company's meetings / matters before accepting his /her appointment to the Board.

- 3.4.4 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

Notice in writing to the Company of such interests in shares, debentures, participatory interests, rights, options and contracts in the Company or its related companies pursuant to Sections 134 and 135 of the CA should also be given by the Director.

All Directors are also required to provide letters of undertaking in the prescribed form to Bursa Securities within fourteen (14) days of appointment stating their undertaking to comply with the MMLR. The Independent Directors are required to provide confirmation of independence in the prescribed form.

3.4.5 In addition to the Mandatory Accreditation Programme (MAP) as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by competent professionals and which are relevant to the Company's operations and business. The Board evaluates and determines the training needs of the Directors on a continuous basis and discloses in the Annual Report the training programmes attended by the Directors.

### **3.5 Re-election**

3.5.1 At the AGM in every year, one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third, shall retire from office PROVIDED ALWAYS that all Directors including MD and Executive Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. An election of Directors shall take place each year.

The Directors to retire in every year shall be those who have been longest in office since last election, but as between Directors of equal seniority, the Directors to retire shall (unless they otherwise agree among themselves) be determined from among them by lot.

3.5.2 An election of Directors shall take place each year. All Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

3.5.3 Directors over the age of seventy (70) years old are also required to submit themselves for re-appointment annually.

### **3.6 Supply of Information**

3.6.1 The Company shall timely provide all Directors with quality information in a form and manner appropriate for them to discharge their duties effectively. All Directors have the same right of access to information.

All Directors have the right whenever necessary and reasonable to be provided with full and unrestricted access to the resources needed to enable them to perform their duties, at the cost of the Company and in accordance with a procedure to be determined by the Board:-

- a) including but not limited to obtaining full and unrestricted access to any information pertaining to the Company;
- b) obtaining full and unrestricted access to the advice and services of the Company Secretary; and
- c) obtaining independent professional or other advice.

Directors are insured against errors and omissions and the associated costs of defending or settling a claim arising from any acts or omission in their capacity as Directors. However, the indemnity and insurance do not cover any criminal liability or any liabilities arising from breach of trust or negligence, or the provisions covered in Section 140 of the CA.

3.6.2 Notice of meeting and whenever possible the agenda must be circulated to all Directors in advance of each Board meeting and the full agenda and comprehensive Board papers (including pre-reading material) are circulated to all Directors in advance of each Board meeting. This allows the Directors time to review material and, where necessary, conduct independent analyses or request additional material.

However, genuine urgent matters and exceptional circumstances, for example acquisitions, could fall outside these timing requirements and shorter notice would be allowed with the Chairman's consent and approval.



3.6.3 Full Board minutes of each Board meeting must be kept by the Company Secretary and are available for inspection by any Director during office hours.

### **3.7 Vacancy**

The office of Director shall, ipso facto, be vacated:-

- a) upon his attainment of the age of seventy (70) years, subject to Section 129 of the CA;
- b) if he ceases to be a Director by virtue of the CA;
- c) if he resigns from his office by notice in writing under his hand sent to or left at the registered office;
- d) if he shall have been absent from more than 50% of the total meetings of the Directors held from the date of his election or appointment to the end of any financial year of the Company (whether or not an alternate Director appointed by him attended) unless otherwise exempted by the Bursa Securities on application by the Company;
- e) if he has absented himself (such absence not being absence with leave or by arrangement with the Directors) from meeting of the Directors for three (3) months in succession, and his alternate Director (if any) shall not during such period have attended in his stead and the Directors pass a resolution that he has by reason of such absence vacated office;
- f) if he is removed from his office of Director by resolution of the Company in a general meeting of which special notice has been given;
- g) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
- h) if he has a Receiving Order in Bankruptcy made against him or makes any arrangement or composition with his creditors generally or becomes bankrupt; or
- i) if he becomes prohibited from being a Director by reason of any order made under the provisions of the CA or contravenes Section 130 of the CA.

If the office of a Director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the Board.

## **4. MEETINGS**

4.1 The Board shall meet in person where practicable, with due notice of issues to be discussed and shall record its conclusion in discharging its duties and responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

4.2 The Directors may meet together for the despatch of business at such time and place, adjourn and otherwise regulate their meetings and proceedings as they think fit. The quorum necessary for the transaction of the business of Directors shall be two (2).

4.3 A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretions by or under the AA vested in or exercisable by the Directors generally. Subject to the AA, questions arising at any meeting of the Directors shall be decided by a majority of votes. The Chairman shall not have a casting vote.

## **5. CIRCULAR RESOLUTIONS**

A resolution in writing signed or approved by letter, electronic mail, telegram, telex or telefax or other electronic communication by majority of the Directors who may be present in Malaysia and by majority of Directors who may be absent from Malaysia and who have supplied the Company Secretary an address for the giving of notices to them while they are so absent, and who are sufficient to form a quorum, but other than any Director who is precluded or prohibited from voting on the resolution in question by reason of the AA or any applicable law, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present in Malaysia and has not supplied to the Company Secretary an address for the giving of notices to him while he is not so present but has an alternate who is so present, then such resolution shall be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors or their alternates.

## **6. ROLES AND RESPONSIBILITIES OF A DIRECTOR**

### **6.1 General**

The Directors may establish any committees, local boards or agencies for managing any of the affairs of the Company, either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any persons (whether or not a Director) to be members of any such committee or local board, or any managers or agents, and may fix their remuneration, and may delegate to any such committee, local board, manager or agent any of these powers, authorities and discretions vested in the Directors, with power to sub- delegate, and may authorise the members of any such committee or local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith without notice of any such annulment or variation shall be affected thereby.

### **6.2 Directors' Duties**

6.2.1 The duties of a Director, either individually or collectively are many, amongst others to:-

- a) abide by all regulatory and statutory requirements that affect them;
- b) at all times act in good faith in the best interests of the Company as a whole and not in the interests of some other person or body;
- c) exercise reasonable care, skill and diligence that can be reasonably expected of a director having the same responsibility;
- d) make the business judgement in good faith for a proper purpose and in the best interest of the Company;
- e) exercise the powers granted by the Company's Memorandum and Articles of Association for "proper purposes", and not for any collateral purpose;
- f) refrain from or prevent any act that would adversely affect decision-making concerning the activities of the Company;
- g) avoid being in a position of conflict of interest with the Company;
- h) act in accordance with their fiduciary duties and comply with the spirit as well as the letter of the law;

- i) act honestly and in good faith in the best interest of the Company;
- j) carry out their duties in a lawful manner and use reasonable endeavours to ensure that the Company conducts its business in accordance with the law and a high standard of “commercial morality”;
- k) endeavour to avoid conflicts of interest wherever possible. Where a conflict arises they must adhere scrupulously to the procedures provided by the law and the Memorandum and Articles of Association of the Company for dealing with conflicts, whereby they must disclose their nature of interest during the board meeting and shall not participate in any discussion and shall abstain from the decision making process;
- l) be diligent, attend Board meetings and devote enough time to remain familiar with the nature of the Company’s business and context, including the political, legal and social framework within which it operates. Directors should be aware of the statutory and regulatory requirements that affect the Company;
- m) observe the confidentiality of non-public information they possess as Directors; and
- n) ensure that the Company has in place an approved procedure for buying and selling shares or securities in the Company by Directors and their associates. Directors should not indulge in “insider trading” and should notify the Board in advance of any intended transaction by them, their relatives and associates.

6.2.2 The Directors shall not without the prior approval of the Company in a general meeting:-

- a) carry into effect any proposal or execute any transaction for the acquisition of any undertaking or property of a substantial value, or the disposal of a substantial portion of the main undertaking or property of the Company; or
- b) exercise any power of the Company to issue shares unless otherwise permitted under the CA; or
- c) enter into any arrangement or transaction with a Director or a director of the holding company of the Company, or with a person connected with such a Director to acquire from or dispose to such a Director or person any non-cash assets of the requisite value.

6.2.3 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

### **6.3 Directors’ Liabilities**

6.3.1 Directors may be liable if they:-

- a) fraudulently take, apply, conceal or destroy any property of the Company;
- b) falsify, destroy, alter or mutilate any Company’s record with the intent to defraud or deceive;
- c) knowingly be a party to the carrying on of any business of the Company in a reckless manner;
- d) induce a person to give credit to the Company through fraud or false pretences;
- e) knowingly be a party to the carrying on of any business of the Company with the intent to defraud creditors of the Company; and
- f) are involved in “insider trading”.

## **7. CONFLICT OF INTEREST**

- 7.1 Directors must avoid any conflict of interest between the directors and the Company. In any situation that involves or may be expected to involve a conflict of interest with the Company, Directors should immediately disclose their interest whether direct or indirect to the Company.
- 7.2 Directors must at all times act in the best interest of the Company and not for personal gain or enrichment. Specifically, Directors shall follow the following guidelines:-
- a) avoid placing own interest or any third-party interest above the Company;
  - b) not engage in any outside business that would directly or indirectly materially adversely affect the Company;
  - c) not abuse board membership by improperly using board membership for personal or third-party benefit;
  - d) not accept gifts, gratuities, honoraria or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such donors.

## **8. ROLES OF CHAIRMAN AND MANAGING DIRECTOR**

### **8.1 Roles of Chairman**

- 8.1.1 There must be a balance of power and authority between the Chairman and the MD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and MD must be separated and clearly defined and will be reviewed if there are significant changes to the Company's strategy, operations, performance or management.
- 8.1.2 The Chairman, in consultation with the MD and the Company Secretary, must set the agenda for Board meetings and ensure that all relevant issues are on the agenda. He must ensure that the number of agenda items and its prioritisation enables effective board discussions.
- 8.1.3 The Chairman will act as facilitator at meetings of the Board and ensure that no Board member, whether Executive or Non-Executive, dominates the discussion, and drives towards consensus and to achieve closure on such discussion. The Chairman will chair general meetings. He will act as the Company's ambassador, both within the domestic market and internationally.
- 8.1.4 The key roles and responsibilities of the Chairman include:-
- a) managing board communications and effectiveness;
  - b) ensuring board proceedings are in compliance with best practices;
  - c) maintaining good contact and effective relationships with external stakeholders, investing public, regulatory bodies etc; and
  - d) ensuring compliance with all relevant regulations and legislation.

## **8.2 Roles of Managing Director**

8.2.1 The MD shall be the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.

8.2.2 The MD has the executive responsibility for the day-to-day operations of the Company's business.

8.2.3 The MD must implement the policies, strategies and decisions adopted by the Board.

8.2.4 The MD shall be subject to the control of the Board.

8.2.5 All Board authorities conferred on the Management with the exception of the internal audit function, are delegated through the MD and this will be considered as the MD's authority and accountability as far as the Board is concerned. Consequently, the MD is answerable to the Board for the achievement of the agreed company goals within the limitations of authority granted to the MD by the Board.

The key responsibilities and accountabilities of the MD include:-

- a) plan, develop and implement strategies for generating resources and/or revenues for the Company which include identifying new market opportunities and strategic alliances;
- b) representing the Group as the key spokesperson with all stakeholders including investors, regulators and business partners;
- c) perform core role as Board member of subsidiaries and associated companies to ensure achievement of both financial and non-financial goals or key performance indicators as reflected in the agreed balanced score card;
- d) lead and monitor annual budgets for the business unit;
- e) providing governance support to key subsidiaries of HHB;
- f) building relationships in key new markets with regulators/industry leaders, as well as transitioning relationships in existing markets;
- g) facilitating effective coordination and cooperation among and between corporate and business unit senior management of the Group to build relationships, share best practices and explore opportunities to improve knowledge of businesses;
- h) report to the Board on the Company's overall performance;
- i) ensure recruitment and retention of high calibre personnel; and
- j) establish and implement short and long-range business unit goals, objectives, policies and operating procedures.

8.2.6 The Directors may entrust to and confer upon the MD any of the powers exercisable by him upon such terms and conditions with such restrictions as they may think fit and may from time to time revoke, withdraw, alter, or vary all or any of those powers.

## 9. BOARD COMMITTEES

The Board may delegate certain of its governance responsibilities to Board committees with clearly defined terms of reference. The following are the relevant Committees established by the Board:-

- a) ARMC;
- b) NRC; and
- c) SC.

Independent Directors and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required.

### 9.1 Audit and Risk Management Committee

9.1.1 Members of the ARMC shall be appointed by the Board from among its members. The ARMC must comprise at least three (3) members who must be Non-Executive Directors, a majority of whom are Independent Directors. At least one (1) member must be a member of the Malaysian Institute of Accountants, or if he is not, he must comply with Para 15.09 (1)(c)(ii) of the MMLR.

9.1.2 No alternate Director can be appointed as a member of ARMC.

9.1.3 The Chairman of ARMC must be an Independent Director appointed from amongst the ARMC members.

9.1.4 The ARMC is responsible for:-

- i) assisting the Board in fulfilling its responsibilities in financial reporting, management of financial, operational and reputational risks and monitoring of internal control systems;
- ii) reviewing reports from internal and external auditors to validate scope, evaluate existing policies, establish audit quality and ensure compliance with the Group's policies, including those pertaining to medical and clinical issues;
- iii) assisting the Board in ensuring that the Management maintains a sound system of internal controls and risk management processes to safeguard and enhance enterprise value;
- iv) ensuring that proper processes and procedures are in place to comply with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- v) overseeing the implementation of the Whistleblower Policy and Procedures for the Group, and ensuring effective administration thereof by the Group Internal Audit function; and
- vi) following up with any observations and/or recommendations which the Group's external auditors may provide to the Group's Management after the conduct of their annual audits to ensure that the matters highlighted by the Group's external auditors are appropriately addressed and/or implemented, as the case may be.

The Terms of Reference of ARMC is available on the Company's website at [www.hhealthcaregroup.com](http://www.hhealthcaregroup.com)

## **9.2 Nomination and Remuneration Committee**

9.2.1 Members of the NRC shall be appointed by the Board from amongst its members and shall comprise at least three (3) members, all of whom must be Non-Executive Directors and the majority of whom shall be Independent Directors.

9.2.2 The NRC is responsible for:-

- i) proposing candidates to the Board and Board Committees of the Company;
- ii) assessing the effectiveness of the Board as a whole (including whether the Board possess the required mix of skills, size and compositions, experience, core competencies and other qualities), the Board Committees and contribution of each individual Director (including Independent Directors) on an annual basis;
- iii) overseeing the succession planning for the Board;
- iv) proposing continuous training for the Board;
- v) proposing to the Board, appointment and remuneration of the Executive Directors, Non-Executive Directors (including Independent Directors) and Senior Management of the Group (as prescribed in the Group's Limits of Authority));
- vi) recommending to the Board, the Group's executive remuneration policy, remuneration framework and performance measures criteria, including the various incentive or retention schemes implemented by the Group.

The Terms of Reference of NRC is available on the Company's website at [www.hhealthcaregroup.com](http://www.hhealthcaregroup.com)

## **9.3 Steering Committee**

9.3.1 The members of SC shall be appointed by the Board amongst its Directors and shall comprise at least three (3) members. The Chairman of SC shall be a Director appointed by the Board.

9.3.2 The duties of the SC shall be, inter alia:-

- a) Review and make recommendation to the Board on, inter alia, major transactions by any entity within the Group.
  - i. acquisition or disposal of assets/business where any one of the percentage ratios is 5% or more of the Group;
  - ii. material borrowing which is more than 5% of the latest published audited net assets of the Group;
  - iii. incorporation, winding up or liquidation of HHB's subsidiaries or material assets;
  - iv. listing of the securities of any of HHB's subsidiaries on any stock exchange;
  - v. such other transactions including any investment project that any of the Group entities escalates to the SC for direction.
- b) Provide recommendations on behalf of HHB to its nominee directors sitting on the boards of subsidiaries on the course of actions to be taken in respect of matters escalated to the SC.

9.3.3 The SC shall meet at least once (1) a year and as and when necessary. Physical meeting maybe held upon request by any of its members or through the secretary of the SC.

9.3.4 The quorum for the SC meeting shall be three (3).

## **10. REMUNERATION LEVELS OF DIRECTORS**

10.1 Remuneration must be set at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

10.2 The level of remuneration for the MD and/or Executive Directors must be structured so as to link rewards to corporate and individual performance.

10.3 The total fees of all of the Directors in any year shall be a fixed sum and shall from time to time be determined by an ordinary resolution of the Company in a general meeting and such fee shall be divisible (unless such resolution otherwise provides) among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fee related to the period during which he has held office provided always that:-

- a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- b) remuneration payable to Director(s) holding executive position(s) under Article 150(1) of the Company's AA may not include a commission on or percentage of turnover;
- c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter

10.4 The Directors (including alternate Directors) shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. In addition to the foregoing, a Director shall be entitled to such reasonable fixed allowance as may be determined by the Directors in respect of any attendance at any meeting and/or the performance of any duty or other thing required of him as a Director of the Company.

10.5 If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

10.6 Non-Executive Directors who have participated in the employee share scheme are prohibited to sell, transfer or assign the shares within one (1) year from the date of offer of such options.

10.7 A formal independent review of the Directors' remuneration is undertaken no less frequently than once every three (3) years.



- 10.8 The Board is of the view that the transparency and accountability aspects of the MCCG as applicable to Directors' Remuneration are appropriately served by the "band disclosure" in accordance with MMLR. This is a deviation from the MCCG which stipulates that the remuneration of individual Directors should be disclosed in the Annual Report.

## **11. FINANCIAL REPORTING**

### **11.1 Transparency**

- 11.1.1 The Company shall present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 11.1.2 The Directors shall ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the applicable approved accounting standards.
- 11.1.3 The quarterly financial results must be announced to Bursa Securities as early as possible within two (2) months after the end of each quarterly financial period.
- 11.1.4 The Auditors Report shall contain a statement from the Company's external auditors explaining their responsibility in forming an independent opinion, based on their audit of the financial statements.

### **11.2 External Auditors**

- 11.2.1 The Board must establish formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the external auditors through its ARMC.
- 11.2.2 The ARMC must keep under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. The ARMC must review the independence of external auditors annually and ensures that other non-audit work is not in conflict with the functions of external auditors.
- 11.2.3 Appointment of the external auditors must be subject to approval of shareholders at general meetings. The external auditors have to retire during the annual general meeting every year and be re-appointed by shareholders for the ensuing year.

### **11.3 Internal Controls and Risk Management**

- 11.3.1 The Company shall have a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are to be undertaken on a regular basis. The Head of Internal Audit shall have direct access to the Board through the Chairman of the ARMC.
- 11.3.2 The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, effective and efficient operations, compliance with laws and regulations as well as risk management, that will provide a reasonable assurance that the Company's assets are safeguarded against unauthorised use or disposition and the system is reviewed on a regular basis.
- 11.3.3 The ARMC must receive reports regarding the outcome of such reviews on a regular basis.

## **12. GENERAL MEETINGS**

### **12.1 Annual General Meeting**

- 12.1.1 The AGM is the principal forum for dialogue with private and institutional shareholders. The Directors must ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
- 12.1.2 The Chairman must encourage active participation by the shareholders during the AGM.
- 12.1.3 The Chairman and, where appropriate, the MD shall respond to shareholders' queries during the AGM. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.
- 12.1.4 The Company shall in each year hold a general meeting as its AGM in addition to any other meetings in that year, and not more than fifteen (15) months shall elapse between the date of one annual general meeting and that of the next, but so long as a company holds its first annual general meeting within eighteen (18) months of its incorporation, it need not hold it in the year of its incorporation or in the following year.
- 12.1.5 The notices convening an AGM shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least twenty-one (21) days before the meeting. Any notice of meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least twenty-one (21) days' notice of such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the stock exchanges upon which the Company is listed.
- 12.1.6 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. For all purposes, two (2) members present in person or by proxy, or, in the case of corporations which are members, present by their representatives appointed pursuant to the provision of the Company's AA and entitled to vote shall be a quorum.

### **12.2 Extraordinary General Meeting**

- 12.2.1 The Directors may whenever they think fit, convene an EGM, and EGMs shall also be convened on any requisition made in accordance with the provisions of the CA, or if the Company makes default in convening a meeting In compliance with a requisition received pursuant to Section 144 of the CA a meeting may be convened by such requisitionists in the manner provided in Section 144 of the CA. Any meeting convened by requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.
- 12.2.2 Subject always to the provisions of Section 151 of the CA, no business shall be transacted at an EGM except business of which notice has been given in the notice convening the meeting.
- 12.2.3 The notices convening an EGM shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed of such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to stock exchanges upon which the Company is listed.
- 12.2.4 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. For all purposes, two (2) members present in person or by proxy, or, in the case of corporations which are members, present by their representatives appointed pursuant to the provision of the Company's AA and entitled to vote shall be a quorum.

### **13. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

- 13.1 The Board must be accountable to the shareholders and as such the Board must maintain an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, stakeholders and the general public.
- 13.2 The Board must be mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Investor relations within the Company are subject to the Group's Investor Relations Policy which can be viewed on the Group's website at [www.hhealthcaregroup.com](http://www.hhealthcaregroup.com)
- 13.3 The Company shall conduct dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- 13.4 A press conference will normally be held after each general meeting. At this press conference, the Chairman or MD will give a press release stating the Company's results, their prospects and outline any specific event for notation. All press releases will be vetted by Senior Management to ensure that information that has yet to be released to Bursa Securities is not released to the press.
- 13.5 The Company's website at [www.hhealthcaregroup.com](http://www.hhealthcaregroup.com) must contain vital information concerning the Group. The Company's website must provide easy access to corporate information pertaining to the Company and its activities and all the announcements made to Bursa Securities.

### **14. RELATIONSHIP WITH OTHER STAKEHOLDERS**

In the course of pursuing the vision and mission of the Company, the Board recognises that no company can exist to maximise shareholders value alone. In this regard, the needs and interests of other stakeholders shall also be taken into consideration.

#### **14.1 Employees**

- 14.1.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
- 14.1.2 The Company shall adopt comprehensive and documented policies and procedures with respect to the following:-
- a) occupational safety and health with the objective of providing a safe and healthy working environment for all employees;
  - b) industrial relations with the objective of managing employees' welfare and well-being in the workplace; and
  - c) workforce diversity with the objective to provide an inclusive workplace that embraces and promotes diversity, recognising and accepting the individual differences across the Group.

#### **14.2 Environment**

- 14.2.1 The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- 14.2.2 The Company shall adopt comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- 14.2.3 The Company supports initiatives on environmental issues.

### **14.3 Social Responsibility**

- 14.3.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.
- 14.3.2 The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.
- 14.3.3 The Company supports charitable causes and initiatives on community development projects.

### **15. COMPANY SECRETARY**

- 15.1 The Board must appoint the Company Secretary who plays an important advisory role. The Board must ensure that the Company Secretary fulfils the functions for which he/she has been appointed.
- 15.2 The Company Secretary is responsible for 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.
- 15.3 The Company Secretary must advise the Directors of their obligations to adhere to matters relating to:-
  - a) disclosure of interest in securities;
  - b) disclosure of any conflict of interest in a transaction involving the Company;
  - c) prohibition on dealing in securities; and
  - d) restrictions on disclosure of price-sensitive information.
- 15.4 The Board members must have unlimited access to the professional advice and services of the Company Secretary.

### **16. APPLICATION**

- 16.1 The principles set out in this Board Charter shall be:-
  - a) kept under review and updated as practices on corporate governance develop and further guidelines on corporate governance are issued by the relevant regulatory authorities;
  - b) applied in practice having regard to their spirit and general principles rather than to the letter alone; and
  - c) summarised in the Annual Report as part of a narrative statement by the Directors on corporate governance.
- 16.2 The Board endeavours to comply at all times with the principles and practices set out in this Board Charter.
- 16.3 The Board shall review this Board Charter as and when it deems fit to ensure its applicability to the Company's current situation. This Board Charter shall be published in the corporate website of the Company.
- 16.4 At any one time, should the MMLR or CA be amended for any reason whatsoever, the amendment of which affected the contents of this Charter, the amended MMLR or CA shall take precedent over the Board Charter.