

Hysan Development Company Limited
Corporate Governance Guidelines
(Last updated and approved in February 2023)

GENERAL

The Board has adopted these guidelines, which reflect the Company's commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Group as required under applicable laws and regulations, making good governance integral to the Company's culture.

The Board will review these guidelines regularly, or more often if warranted, and recommend such changes as it determines necessary and appropriate in light of the needs of the Company and legal, regulatory and other developments.

THE MISSION OF THE BOARD OF DIRECTORS

The Board represents the Shareholders' interests in maintaining and growing a successful business including optimizing consistent long-term financial returns. The Board is responsible for the stewardship of the Company and is accountable for determining that the Group is managed in such a way to achieve this objective.

The Board's responsibility is firstly, to formulate strategy and, secondly, to monitor and control operating and financial performance and maintain an appropriate system of corporate governance, internal control and risk management in pursuit of Group strategic objectives.

CORPORATE CULTURE

The Board sets the tone and defines the vision, mission, values and strategy of the Company, and develops the corporate culture to support the Company's pursuit of success. The Board is responsible for evaluating and ensuring that the desired culture and the purpose, value and strategy of the Group are aligned.

The Board will continue to foster the desired culture, instilling the Group's core values across all levels of the Group.

GUIDELINES ON IMPORTANT GOVERNANCE ISSUES

Board Appointment

1. Composition of the Board

The Board will on a regular basis review the composition of the Board, the diversity of background, skills, and experience (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service); their complementarity and the characteristics required of both executive and non-executive members of the Board in the context of the business and its strategies.

2. Appointment procedures

The Board as a whole is responsible for the procedure of agreeing to the appointment of its own members and for nominating them for election by the Shareholders on first appointment and thereafter at regular intervals by rotation in accordance with the Company's Diversity Policy and Nomination Policy. A Nomination Committee has been established to evaluate and nominate candidates for the approval of the Board.

Directors must be able to dedicate sufficient time to carry out their duties. The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether he/she is spending sufficient time performing them.

The Company has formal letters of appointment for Non-Executive Directors setting out the key terms and conditions of their appointment.

3. Induction of new Directors

On appointment, new Directors will be given a comprehensive introduction to the Group's business, performance, strategic plans, financial, accounting, legal and risk management issues, compliance programs, and corporate governance practices. New Directors will also have meetings with senior management and visit the Group's places of operation.

4. Board leadership

The roles of Chairman and Chief Executive Officer are currently separate. The Board supports the principle of Board independence from management and any major shareholder group, and continually reviews the implementation of this principle. The Board has developed written position description for Non-Executive Directors, which will be reviewed on a regular basis by the Board.

Board Composition and Size

5. Size of the Board

The Board regularly reviews the size of the Board to ensure the facilitation of effective decision-making and the existence of a reasonable balance between Executive Directors, Non-Executive Directors and Independent Non-Executive Directors.

6. Director independence

The Board believes that independence is a matter of judgement and conscience but that, to be independent, Independent Non-Executive Directors should be free from any business or other relationship which might interfere with the exercise of their independent judgement. The Board reviews the independence of Directors on an annual basis. Directors who are considered to be independent will be identified as such in the Company's Annual Report and other communications with Shareholders.

7. Diversity

The Board believes that balance of experience, competencies, expertise, diversity and skills on the Board is the key foundation for introducing different perspectives into Board discussions, and for better anticipating the risks and opportunities in building a long-term sustainable business.

Diversity of background, (including but not limited to gender, age, cultural and educational background, ethnicity) skills, expertise and experience will be considered on nomination, appointment, and reappointment of Directors in accordance with the Group's Diversity Policy. The Board and the Nomination Committee shall also consider diversity perspectives as more particularly set out in the Group's Diversity Policy in its annual review on Board composition and as part of the annual evaluation of performance and effectiveness of the Board.

8. Term limits

All Directors are subject to periodic re-appointment by the Shareholders through rotation in general meetings.

Board Authorities & Delegations and Processes

9. Board authorities, delegations and discretions

The Board has determined those matters which are retained for full Board's decision and those matters which are delegated to the executive management of the business.

10. Board Committees

The Board carries out its responsibilities directly and through its Board Committees comprising a majority of Independent Non-Executive Directors appointed by the Board. Each Board Committees operates under specific written terms of reference, as approved and regularly reviewed by the Board, and reports to the Board on their decisions and recommendations on a regular basis.

The Remuneration Committee will determine the pay and other benefits of the Executive Directors and review the fees and remuneration of the Non-Executive Directors.

The Audit and Risk Management Committee will review the financial accounts and policies and oversee internal controls, risk management and compliance.

The Nomination Committee will review the structure, size, composition and diversity of the Board and nominate candidates for Board appointment.

The Sustainability Committee will review and oversee the Group's corporate responsibility and sustainability development and policies.

11. Meeting procedures

The Board and committee meetings are scheduled in advance at appropriate intervals throughout the year.

The Chairman, together with the Chief Executive Officer, will establish the agenda for each Board meeting and distribute the agenda in advance to each Director. Other Directors may request inclusion of items on the agenda.

The necessary papers for meetings will be distributed in advance of the meeting. Materials presented to the Board and committee members should provide the information needed for the Directors to make informed judgments and/or engage in informed discussion.

Board and Board Committee meetings would be organized in a productive and participative manner, allowing sufficient time for open and constructive discussions of relevant issues.

12. Board compensation review

The pay and benefits of the Executive Directors is determined by the Remuneration Committee, a committee comprised of a majority of Independent Non-Executive Directors. The fees and remuneration of Non-Executive Directors are determined at the Annual General Meeting. The remuneration of Executive Directors and Non-Executive Directors will be the subject of continual monitoring of and benchmarking against the remuneration offered by comparable companies. The assistance of independent external advisers will be sought from time to time.

13. Training and development

All Directors should regularly update and refresh their skills and knowledge, with training support from the Company Secretary.

14. Mechanisms to ensure independent views and input

The Board is committed to ensuring that Directors will be given the opportunities and channels for them to communicate and express their independent views and inputs to the Board and its Board Committees in an open and candid manner, and, where necessary, in a confidential manner.

Apart from (i) the Independent Non-Executive Directors nomination and appointment process; (ii) annual assessment of Independent Non-Executive Directors on their independence, time-commitment and contribution; (iii) balance of the Board in terms of independence ratio as part of the Nomination Committee's annual review of the structure and composition of the Board; (iv)

CP B.1.4 – to have mechanisms in place to ensure an element of independence on the board
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proper meeting arrangement and procedures to facilitate open and constructive discussion; (v) board culture to encourage Directors with different views to raise their concerns, to discuss and to deliberate; and (vi) annual board evaluation, the Company has also established channels through formal and informal means whereby Directors can express their views in an open and candid manner including the followings :

15. Board access to senior management

Senior management is, from time to time, brought into formal and informal contact at Board meetings and other events. The Board has full access to all information it deems appropriate for the purposes of fulfilling its role.

16. Communications beyond the Boardroom

In addition to the regular board meetings, dedicated meeting sessions with the Chairman and/or amongst the Non-Executive Directors with senior management and other Board members including the Chairman outside the boardroom would be held regularly.

Independent Non-Executive Directors and Non-Executive Directors, as equal directors, would also attend general meetings to gain and develop a balanced understanding of the views of Shareholders.

17. Board access to independent professional advice

The Board, Board Committees or individual Directors may seek such independent professional advice as considered necessary to fulfil their responsibilities and in exercising independent judgment when making decisions in furtherance of their Directors' duties at the Company's expense.

Independent professional advice shall include legal advice and advice of accountants and other professional financial advisers on matters of law, accounting and other regulatory matters.

Any advice obtained may be made available to other members of the Board.

18. Availability of information

The Chairman has a clear responsibility to provide the Board with all the information that is relevant to the discharge of the Board's responsibilities.

Management reports and updates on the key events, material transactions and business outlook and the Group's financials would be provided regularly to the Board via digital board portal. The Board would also receive timely advice on all material information about the activities, performance and projects of the Group, particularly including any significant variances from a planned course of action.

The Company utilizes a digital board portal for Directors, which is used to distribute information and to foster communication among Directors and between Directors and senior management in a sustainable manner.

19. Board evaluation

The Board will on a regular basis evaluate its own performance and that of its committees to determine whether it and its committees are functioning effectively. In this respect, it shall review its roles, composition, meetings proceedings and processes, board in action and trainings, which is designed to solicit constructive feedback on the performance of the Board and each of its committees.

Definitions:

“**Board**” shall mean the board of directors of the Company.

“**Company**” shall mean Hysan Development Company Limited.

“**Director(s)**” shall mean the director(s) of the Company.

“**Shareholder(s)**” shall mean the shareholder(s) of the Company.

“**Group**” shall mean the Company and its subsidiaries.
