

PELABURAN HARTANAH BUMIPUTERA BERHAD Policies and Procedures Manual	<i>RESTRICTED</i> TERMS OF REFERENCE BOARD OF DIRECTORS		
	<i>Effective Date</i> 31 July 2006	<i>Version No.</i>	<i>Revision No.</i> 0

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1. INTRODUCTION

- 1.1 The purpose of these Terms of Reference is to set out the policies and procedures governing the basic conduct of the Board of Directors (the "Board") of Pelaburan Hartanah Bumiputera Berhad ("PHBB"). The Board is responsible for the policy and general administration of the affairs and business of PHBB.
- 1.2 The conduct of the Board is governed by the objectives of Yayasan Amanah Hartanah Bumiputera ("YAHB"), the PHBB's Memorandum and Articles of Association (the "M&A") and the Companies Act, 1965.
- 1.3 These Terms of Reference are not meant as a substitution for the Companies Act, 1965 and the M&A but must be read subject to those Acts and the M&A.
- 1.4 The Board will update these Terms of Reference from time to time to ensure consistency with the objectives of YAHB and Ministry of Finance, Companies Act, 1965 and the M&A and to reflect the operational requirements of PHBB.

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2. COMPOSITION AND APPOINTMENT

2.1 The Board shall be made up of the following members:

- a non-executive member who will serve as the Chairman;
- a Managing Director and/or CEO of PHBB;
- three non-executive members representing the Government; and
- two non-executive members representing the private sector.

2.2 A member of the Board shall, subject to such conditions as may be specified in his instrument of appointment, hold office for a term not exceeding three years and is eligible for reappointment.

2.3 The office of a member of the Board shall be vacated:

- a) if he dies;
- b) if there has been proved against him, or he has been convicted on, a charge in respect of :
 - an offence involving fraud, dishonesty or moral turpitude;
 - an offence under any law relating to corruption.;
 - any other offence punishable with imprisonment for more than two years; or
 - any provision of any written law designed to protect members of the public against financial loss due to incompetence or malpractice by persons concerned in the provisions of banking, insurance, investment or other financial services or management of companies or against financial loss due to the conduct of discharged or undischarged bankrupts;
- c) if he becomes a bankrupt;
- d) if he is of unsound mind or is otherwise incapable of discharging his duties;
- e) if he absents himself from three consecutive meetings without leave of the Chairman, or in the case of the Chairman, without leave of the Minister of Finance;
- f) in the event of his resignation being accepted by the Minister; or
- g) if his appointment is revoked by the Minister.

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- 2.4 Where any person ceases to be a member by any reason, another person shall be appointed in his place.
- 2.5 The Chairman shall nominate a member of the Board to act as Chairman in his absence.
- 2.6 All recommendation and/or approvals by the Board shall be making of a simple majority. In the event of deadlock, the Chairman of the Board shall have a casting vote.

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3. OBJECTIVES

3.1 The objectives of the Board are to:

- ensure that the objectives of YAHB are met;
- oversee the operations of PHBB through formulation of general policies for PHBB's management team;
- ensure that the objectives of PHBB, which are of national and public interest, are met through such policies management;
- ensure that the policies and procedures of PHBB as laid out in PHBB's Policies and Procedures Manual are complied with; and
- ensure that PHBB complies with other legislation governing its activities.

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4. ROLES, DUTIES AND FUNCTIONS

- 4.1 The Board's main role is that of an overseeing body which provides general guidance on the direction and policies of PHBB. These general policies are made after taking into consideration the state of the economic environment as well as guidance and feedback from its shareholders i.e. Yayasan Amanah Hartanah Bumiputera and/or the Minister of Finance Inc.

Included in this role are the following functions:

- 4.1.1 to formulate PHBB's general policies and strategies which sets the direction of PHBB for the short, medium and long terms;
- 4.1.2 to appoint PHBB's key management team which will translate the Board's general policies and strategies into detailed business plans;
- 4.1.3 to review and assess PHBB's financial and operational performances through periodic feedback and reports from the Audit Committee and the management team;
- 4.1.4 to review and assess PHBB's assets portfolio management and ensuring its consistency with PHBB's business policies and strategies;
- 4.1.5 to approve acquisitions and disposals as set out in the Authority Manual;
- 4.1.6 to take into account the interests of parties interested in the affairs of PHBB, including the Government, the general Malaysian public, suppliers of capital/funds as well as other users of its financial statements. The Board should ensure that all appropriate information made available to interested parties and to the general public are meaningful and accurate for all intents and purposes, and are in accordance with generally accepted practices in Malaysia whilst giving due consideration to international best practices;
- 4.1.7 to appoint and approve the Terms of Reference, as well as ensuring the effective functioning of the Audit Committee. In

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relation to this, the Board is also responsible for ensuring compliance with the internal control environment within which PHBB operates;

4.1.8 to appoint the members of and approve the Terms of Reference for, and ensure the effective functioning of, the Nomination and Remuneration Committee;

4.1.9 to appoint PHBB's external auditors as well as determine their remuneration, taking into consideration advice from the Audit Committee; and

4.1.10 any other roles, functions and duties as may be prescribed by PHBB's Policies and Procedures Manual.

4.2 Although the Board normally delegates daily operations to the management team, this does not preclude them from being ultimately responsible for the deeds or misdeeds of PHBB. As such, the Board members should preferably include persons who possess relevant experience in financial, commercial and legal matters.

4.3 All Board members must devote reasonable time and effort as considered necessary to discharge their duties. The members must also act honestly and use reasonable diligence in the course of their duties.

As such, members of the Board must avoid situations which may create a conflict of interest. A conflict may arise through a member's personal direct or indirect interest or a member's duty to a related or third party. An indirect interest may arise due to interest of the member's spouse and child under 18. Examples of these situations are as follows:

- The member holds either a direct or indirect interest or is an officer in a company whose properties are being acquired by PHBB

A member of the Board having directly or indirectly any interest in relation to any matter under discussion by the Board shall disclose to the Board the existence of his interest and the nature of that interest.

A disclosure shall be recorded in the minutes of the Board. Upon disclosure, the member shall not take part nor be present in any

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deliberation or decision of the Board and shall be disregarded for the purpose of constituting a quorum of the Board.

In addition to disclosing specific conflicts of interest which may arise, members of the Board are also required to declare their compliance with independence policies of PHBB annually. The format for such declarations is attached as Appendix 2.

- 4.4 No member of the Board attending any meeting of the Board shall disclose any information which has been obtained by him in the course of his duties or in the course of that meeting and which is not published, except:
- for the purposes of any civil or criminal proceedings under any written law;
 - in respect of any information available to the public; or
 - where otherwise authorised by the Board.

In addition, the members of the Board must not misuse information obtained in the course of their duties to derive personal gains or for any purpose other than that intended by PHBB.

- 4.5 Directors shall be required to comply with the Director's Code of Ethics (the "Code") which was launched on 8 April 1998 by the Ministry of Domestic Trade and Consumer Affairs.

The Code was formulated to enhance the standard of corporate governance in the country. The definition of "director" adopted by the Code is as set out in section 4 of the Companies Act 1965 and as such includes the following:

- Permanent and alternate directors
- Executive and non-executive directors
- Any person in accordance with whose directions and instructions the directors of PHBB are accustomed to act
- Chairman

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5. MEETINGS AND QUORUM

- 5.1 The Board shall meet together for the despatch of business, adjourn and otherwise regulate their meetings as it thinks fit. However, the Board shall meet at least once in every three calendar months. Meetings conducted by telephone or other electronic means of audio or audio-visual communication are permitted.
- 5.2 Any member of the Board may at any time request for a meeting of the Board, provided the member gives seven days notice to the other members of the Board. Such requisition shall be made through a Company Secretary, who shall also act as secretary to the Board.
- 5.3 The Chairman shall have the right to call a meeting of short notice, which will require no minimum notice period.
- 5.4 The quorum necessary for subsequent meetings shall be two members of which one member must be a representative from public sector or such other number fixed by the directors in accordance with the M&A.
- 5.5 The Board may invite any person to attend any of its meetings or deliberations but only for the purposes of obtaining advice on matters being discussed. The person shall not be allowed to vote or take part in any decision making of the Board. In addition the person shall be subject to the same confidentiality obligations as Board members.
- 5.6 All meetings of the Board shall be minuted by the Company Secretary. These minutes shall include the following details:
 - Date, time and place of the meeting
 - Names of members present
 - Names of parties invited to the meeting and the reasons for their invitation
 - All proceedings during the meeting
 - Resolutions passed during the meeting

These minutes must be approved and signed by the chairman of the meeting and shall be made available to those who were absent.

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- 5.7 A resolution in writing shall be valid and effectual as if it had been passed at a meeting duly convened and held, provided the resolution in writing is signed by all the members eligible to attend a meeting if it was so held and who may be contacted using procedures determined by the directors from time to time.
- 5.8 The Managing Director shall attend and participate in the discussion of any meeting of the Board but he shall not have any voting rights.

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6. REPORTING

6.1 In accordance with Section 169 of the Companies Act, 1965, the Board is required to make the following disclosures in the annual audited accounts of PHBB:

- Section 169 (5) - a Directors' Report detailing the state of PHBB's affairs
- Section 169 (15) - a Statement by Directors stating that the accounts give a true and fair view of the results and state of affairs of PHBB
- Section 169 (16) - a Statutory Declaration by a Director or any other person responsible for the financial management of PHBB, stating his opinion as to the correctness or otherwise of the accounts

6.2 Information relating to transactions between PHBB and the directors shall also be disclosed in the annual audited accounts of PHBB. This information should, at a minimum, include the following:

- The directors' interest in shares, or options or rights to subscribe for shares in PHBB or related corporations
- The directors' remuneration, contracts, benefits in kind and other emoluments received and receivable
- Fees or other remuneration paid to a firm or corporation in which a director has an interest
- Any event which caused a director to become interested or cease to become interested in the shares (or options or rights to subscribe for shares) of PHBB or related corporations
- Any contract, agreement which grants the director interest in shares or right to subscribe for shares of PHBB or related corporations
- Any contract or agreement in which the director grants a third party interest in shares or right to subscribe for shares of PHBB or related corporations
- Significant contracts or agreements between PHBB and other corporations in which a director has an interest

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- 6.3 The meaning of “directors” as used in paragraph 6.2 above includes the spouse or child under eighteen of the director.

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7. FEES AND ALLOWANCES

- 7.1 The fees and allowances for the members of the Board shall be recommended by the Nomination and Remuneration Committee and approved by Ministry of Finance.

TERMS OF REFERENCE

BOARD OF DIRECTORS

This Manual has been prepared for the exclusive use of the management and employees of Pelaburan Hartanah Bumiputera Berhad ("PHBB") and its subsidiaries and other special purpose vehicles. It is intended for internal circulation only.

This Manual is the sole property of PHBB. Disclosure of such information is an offence.

This Manual is for information purposes only. PHBB does not accept any responsibility for the accuracy or completeness of, or any loss which may arise from reliance on, information contained in this Manual.

RESTRICTED

STANDARD DECLARATION OF INDEPENDENCE BY A DIRECTOR**PART 1: QUESTIONNAIRE**

Since the date of the last declaration (or since the date of your appointment, if newly appointed):

A Have you:

1. Disclosed to anyone outside PHBB any confidential customers' information obtained in the course of your duties?
2. Used "inside information" for your personal gain or advantage or allowed it to be used for the personal gain or advantage of your spouse or child under 18 or other third parties?
3. Participated in any decision making in which you, your spouse or child under 18 had any financial interest?
4. Been connected with any company or any director, officer, employee or agent of a company, with which PHBB has business transactions?

Yes	No

B Have you, your spouse or child under 18:

1. Held a direct or indirect financial interest in any company with which PHBB has business transactions?
2. Held, purchased or acquired through other means an investment in any company with which PHBB has business transactions?

Yes	No

	Yes	No
3. Had any form of credit facilities with any financial institutions with which PHBB has business transactions?		
4. Served as a director, officer, employee or agent in any company?		
5. Maintained or entered into a material transaction with any company with which PHBB has business transactions?		
6. Accepted a gift (other than a token gift of insignificant financial value), special discounts or terms from a company with which PHBB has business transactions?		
7. Acted as a trustee of any trust or executor or administrator of any estate in which: <ul style="list-style-type: none"> • The trust or estate has business transactions with PHBB • A beneficiary of such trust or estate had business transactions with PHBB • The trust or estate was created by a person who either had business transactions with PHBB or is a director, officer or employee of a company which had business transactions with PHBB 		

PART 2 : DISCLOSURES**A CREDIT FACILITIES WITH FINANCIAL INSTITUTIONS***

I, my spouse and/or child (defined as under eighteen years of age) has the following credit facilities with the respective financial institutions:

<u>Name of borrower</u>	<u>Relationship with Director</u>	<u>Name of Financial Institution</u>	<u>Type of Facility</u>
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B INVESTMENTS AND FINANCIAL INTERESTS

I, my spouse and/or child have financial interests in the following entities*:

<u>Name of Beneficial Holder</u>	<u>Relationship with Director</u>	<u>Name of Entity</u>	<u>Nature and Extent of Investments and Financial Interest</u>
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C ACCOUNTS WITH STOCKBROKING FIRMS*

I, my spouse and/or child have the maintain accounts with the following stockbroking firms:

<u>Name of Account Holder</u>	<u>Relationship with Director</u>	<u>Name of Stockbroking Firm</u>	<u>Type of Account</u>
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* Notwithstanding whether or not these entities have business transactions with PHBB.

CERTIFICATION

By signing this certification, I represent that to the best of my knowledge and belief:

- I, my spouse and/or child have observed the independence policies of PHBB since the date of my previous declaration (or since the date of appointment, if newly appointed), and
- The information set forth in this declaration of independence are correct and complete.

I also represent that I understand:

- The responsibilities imposed on me by the Board of Directors' Terms of Reference and PHBB's Policies and Procedures Manual, and
- My responsibility to promptly disclose to the Board of Directors and Compliance Officer any changes in the representations reflected in this declaration.

[Signature]
[Name of Director]

[Date]