

## HAO XIAN YANG LIMITED

ACN: 622 777 637

### BOARD CHARTER

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#### 1 PURPOSE

- 1.1 In carrying out its responsibilities and powers set out in this Charter, the Board recognises:
- (a) its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's shareholders; and
  - (b) its duties and responsibilities to the Company's employees, customers and the community.
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#### 2 OVERVIEW

- 2.1 The Board will be the ultimate decision-making body of the Company. It will set the overall direction which will determine the culture and pervade the Company's relationship with shareholders, investors, employees, customers, suppliers and the local and business communities.
- 2.2 The Board sets the strategic direction of the Company and selects the senior management team which is charged with operating the business. The Board will act as an advisor, overseer and counsellor to senior management and will ultimately monitor performance of the Company on behalf of all shareholders.
- 2.3 The Board is responsible for the overall corporate governance of the Company.
- 2.4 Responsibility for managing the business on a day-to-day basis has been delegated to the executive Chairman or Chief Executive Officer (where applicable).
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#### 3 VALUES

- 3.1 Directors will perform their duties in accordance with the Constitution, all applicable laws and regulations, NSX Listing Rules, the ASX Corporate Governance Principles

and recommendations (3rd edition) and this Charter, and will undertake their duties with care and diligence including giving proper attention to the matters before them.

- 3.2 Directors will act honestly, and exercise reasonable care and diligence at all times in the performance of their functions.
- 3.3 Directors will act in good faith and in what they believe is in the best interests of the Company as a whole.
- 3.4 Directors will not enter into transactions or make promises on behalf of the Company that the Company does not intend to honour.
- 3.5 Directors will, to the best of their ability, use best endeavors to ensure that the Company's records and documents, including financial reports are true, correct and conform to the Company's reporting standards and internal controls.

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#### **4 MEMBERSHIP, APPOINTMENT AND TERM**

- 4.1 The Company will disclose on its website the names of the Directors considered by the Board to be independent in accordance with the ASX Guidelines and will disclose in its annual report if Directors are not considered 'independent', the nature of the interest, position, association, or relationship and why it does not compromise the 'independence' of the director and the length of service of each Director.
- 4.2 At all times the Board must comply with the requirements of the Constitution, the Corporations Act all applicable laws and regulations and the NSX Listing Rules.
- 4.3 The Board will oversee nominations and appointments to the Board, with the objective that the Company has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and to bring transparency, focus and independent judgment to decisions regarding the composition of the Board. In discharging this role, the Board will have regard to the responsibilities set out in sections 5 and 6 of this Charter.
- 4.4 Composition of the Board is determined by the following principles:
  - (a) Directors appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment and thereafter are subject to reelection in accordance with the Constitution;
  - (b) The Board will comprise at least three Directors, increasing where additional expertise is considered desirable in certain areas, or when an outstanding candidate is identified; and
  - (c) The Board should comprise Directors with an appropriate range of qualifications and expertise.

- 4.5** Skills such as leadership and previous experience as a Chief Executive Officer, Chair or board member will be considered when assessing the appointment of a Director. In addition to these, the Board recognises that other skills gained from experience in the following areas are key skills and experience that the Board as a whole should comprise:
- (a) relevant industry experience;
  - (b) business acquisition and integration skills;
  - (c) financial literacy and legal and regulatory knowledge;
  - (d) diversity;
  - (e) policy and regulatory development and reform;
  - (f) health, safety and social responsibility; and
  - (g) organisational development and human resources.
- 4.6** When determining whether a non-executive Director is independent, the Director must not fail any of the following materiality thresholds:
- (a) less than 10% of the Company's shares held by the Director and any associates of the Director;
  - (b) no sales are made to or purchases made from any associate of the Director; and
  - (c) none of the Director's income, or the income of an associate of the Director, is derived from a contract with any member of the Company other than the income derived as a Director of the Company.

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## **5 RESPONSIBILITIES OF THE BOARD**

- 5.1** The Board has delegated authority for the operations and administration of the Company to the executive Chairman or Chief Executive Officer (where applicable).
- 5.2** The Board is responsible for promoting the success of the Company in a manner designed to create and build sustainable value for shareholders and in accordance with the duties and obligations imposed upon them by the Constitution, and the law, while having due regard to other stakeholder interests and the requirements of the NSX Listing Rules.
- 5.3** In addition to matters it is expressly required by law to approve, the Board is responsible for:

- (a) providing leadership and setting the strategic direction of the Company, establishing goals to ensure these strategic objectives are met and monitoring the performance of management against these goals and objectives;
- (b) providing operating frameworks and budgets of the Company and monitoring management's performance within those frameworks;
- (c) determining the high-level health and safety strategy for the Company, including providing a statement of vision, belief and policy and actively monitoring management's implementation of that policy, processes and procedures;
- (d) approving significant and or material investments and projects, and monitoring the progress, outcomes and return on those investments and projects;
- (e) ensuring that the available financial and operational resources are sufficient to meet the Company's objectives;
- (f) appointing and removing the Chief Executive Officer and other senior executives (as the case may be) and the determination of their terms and conditions including remuneration and termination;
- (g) evaluating the performance of the Board and its Directors on an annual basis;
- (h) determining remuneration levels of Directors;
- (i) ensuring that appropriate policies and procedures are in place for recruitment, training remuneration and succession planning;
- (j) approving and monitoring financial reporting, annual budget and capital management;
- (k) ensuring the Company satisfies its continuous disclosure obligations under the NSX Listing Rules and that the market has available all relevant information required to make informed investment decisions and assessments of the Company's prospects, in accordance with the Company's Continuous Disclosure Policy;
- (l) monitoring the financial solvency of the Company;
- (m) ensuring that effective audit controls and systems, and other risk management procedures are in place and are being adhered to;
- (n) overseeing the integrity of the Company's procedures for ensuring the Company's compliance with the law, and financial and audit responsibilities, including the appointment of an external auditor and reviewing the Board's financial statements, accounting policies and management processes;

- (o) approving the issue of securities in the Company (subject to compliance with the NSX Listing Rules);
- (p) ensuring the adequacy of the Company's risk management framework and setting the risk appetite within which the Board expects management to operate;
- (q) providing a specific governance focus on risks relating to the Company's physical operations, health and safety policy and risk mitigation programs;
- (r) reviewing performance, operations and compliance reports from the management, including reports and updates on strategic issues and risk management matters;
- (s) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material impact on the price or value of the Company's shares;
- (t) promoting and authorising ethical and responsible decision-making by the Company;
- (u) ensuring that any necessary statutory licenses are held and compliance measures are maintained to ensure compliance with the law and license(s);
- (v) ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behavior and a culture of corporate and social responsibility and monitoring the effectiveness of those governance practices; and
- (w) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company.

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## **6 RESPONSIBILITIES OF DIRECTORS**

**6.1** Directors must comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:

- (a) acting in good faith and in the best interests of the Company as a whole;
- (b) acting with care and diligence and for proper purpose;
- (c) avoiding conflicts of interest wherever possible and where these do arise declaring and managing these in accordance with the intent and content of this Charter, the Corporations Act, the NSX Listing Rules and the Company's Code of Conduct;
- (d) not making improper use of information gained through the position of Director and from taking improper advantage of the position of Director; and

- (e) ensuring the Company's compliance with the Constitution, all applicable laws and regulations, the NSX Listing Rules, this Charter and all applicable Board policies and procedures.

## 6.2 Conflicts of Interests

- (a) Directors must:
  - (i) disclose to the Board any actual or potential conflicts of interest or duty, or matter that may bear on their independence, which may exist or be thought to exist as soon as they become aware of the issue; and
  - (ii) comply with the provisions of the Corporations Act on disclosing interests and the Conflict of Interests Policy.
- (b) A Director who is interested in a transaction may attend a meeting of the Board at which a matter relating to the transaction arises but while the Company is listed on the NSX:
  - (i) shall not be included among the Directors present at the meeting for the purposes of a quorum;
  - (ii) may not vote on any matter relating to the transaction;except where otherwise provided in the Constitution and Corporations Act.
- (c) Directors are expected to advise the Chair, or if a chair is not appointed, the Chief Executive Officer, of any proposed board or executive appointments to other companies as soon as practicable.
- (d) A non-executive Director should inform the Chair, or if a chair is not appointed, the Chief Executive Officer, before accepting any new appointment as a director of another listed entity, any other material directorship or other position with a significant time commitment attached.
- (e) As noted in the Company's Code of Conduct, any conflict, or potential conflict of interest, identified by any Director must be disclosed using the Conflict of Interest Form.

- 6.3 Directors will not take any opportunity discovered through the use of Company property, information or position for themselves or use Company property (including the Company's name), information or position for personal gain.
- 6.4 Directors will not accept gifts or personal benefits of any value from any external party if it could be perceived that these could compromise or influence any decision by the Company.
- 6.5 Directors will only trade in the Company's securities in accordance with the Company's Securities Trading Policy and Guidelines.
- 6.6 Directors are expected to support the letter and spirit of Board decisions.
- 6.7 Subject to the Company's continuous disclosure obligations under the NSX Listing Rules, Directors will keep Board information, discussions, deliberations and decisions which are not publicly known confidential.

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## **7 THE ROLE OF THE CHAIR**

- 7.1 Where practical, the Chair should be an independent non-executive Director. If a Chair ceases to be an independent Director, then the Board will consider appointing a lead independent Director.
- 7.2 Where practical, the Chief Executive Officer should not be the Chair of the Company during his or her term as Chief Executive Officer or in the future.
- 7.3 The Chair must be able to commit the time to discharge the role effectively.
- 7.4 The Chair is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings and conducting the shareholder meetings.
- 7.5 The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.
- 7.6 In the event that the Chair is absent from a meeting of the Board then the Board shall appoint a Chair for that meeting.

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## **8 THE COMPANY SECRETARY**

- 8.1 When requested by the Board, the Company Secretary will facilitate the flow of information to the Board, between the Board and its Committees and between senior executives and non-executive Directors.
- 8.2 The Company Secretary is to:

- (a) facilitate the induction of new Directors;
- (b) facilitate the implementation of Board policies and procedures; and
- (c) provide advice to the Board on corporate governance matters, the application of the Constitution, the NSX Listing Rules and applicable other laws.

**8.3** All Directors have access to the advice and services provided by the Company Secretary.

**8.4** The Board is responsible for the appointment and removal of the Company Secretary.

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## **9 BOARD COMMITTEES**

**9.1** Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties the Board will establish the following committees, each with written terms of reference:

- (a) Audit and Risk Committee;
- (b) Remuneration Committee; and
- (c) Nomination Committee.

**9.2** The charter of the Committees is approved by the Board and reviewed following any applicable regulatory changes.

**9.3** The Board will ensure that the Committees are sufficiently funded to enable them to fulfil their roles and discharge their responsibilities.

**9.4** Members of Committees are appointed by the Board. The Board may appoint additional Directors to Committees or remove and replace members of Committees by resolution.

**9.5** The minutes of each Committee meeting shall be made available to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting.

**9.6** Where the Board considers that the Company will not gain any benefit from a particular separate Committee, the full Board will carry out the duties that would ordinarily be assigned to that Committee under the written terms of reference for that Committee.

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## **10 BOARD MEETINGS**

- 10.1 There must be two Directors present at a meeting to constitute a quorum.
- 10.2 The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required.
- 10.3 Non-executive Directors may confer at scheduled times without management being present.
- 10.4 The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chair, or where a Chair is not appointed, the Chief Executive Officer, and circulated to Directors after each meeting.
- 10.5 The Company Secretary shall distribute supporting papers for each meeting of the Board as far in advance as practicable.
- 10.6 Minutes of meeting must be approved before or at the next Board meeting and entered in the minute book within one month after the meeting.
- 10.7 Further details regarding board meetings are set out in the Constitution.

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## 11 ACCESS TO ADVICE

- 11.1 Directors may access information and seek independent advice as they individually or collectively consider necessary to fulfill their responsibilities and permit independent judgement in decision making. Independent professional advice includes legal advice and the advice of accountants and other professional financial advisers on matters of law, accounting and other regulatory matters, but excludes advice concerning the personal interests of the Director concerned (such as service contracts with the Company or dealing in the Company's shares or disputes with the Company). Any advice obtained under this procedure will be made to all other members of the Board and all expenses incurred by the Director(s) in procuring such advice will be borne by the Company, subject to the Chair, or if a Chair is not appointed, the Chief Executive Officer, first providing consent to the procurement of such advice. Such consent must not be unreasonably delayed or withheld.
- 11.2 Directors are entitled to:
  - (a) have access to members of management at any time to request relevant and additional information or seek explanations;
  - (b) have access to internal and external auditors, without management present to seek explanations or additional information;
  - (c) seek independent professional advice with the Chair's consent, which will not be unreasonably withheld or delayed, and which will be at the Company's expense.

- 11.3 Directors will only create, and only retain, information and communications required for business needs or to meet legal obligations.

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## 12 THE BOARD'S RELATIONSHIP TO MANAGEMENT

- 12.1 The Board will delegate responsibility for day to day operations and administration of the Company to the executive Chairman or Chief Executive Officer (where applicable).
- 12.2 In addition to the formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Company to facilitate the carrying out of their duties as Directors.

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## 13 PERFORMANCE REVIEW

- 13.1 The Chair, or where a chair is not appointed, the Chief Executive Officer, will conduct an annual performance review of the Board that:
- (a) compares the performance of the Board with the requirements of its Charter;
  - (b) critically reviews the mix of the Board; and
  - (c) suggests any amendments to the Charter as are deemed necessary or appropriate.

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## 14 DISCLOSURE POLICY

- 14.1 The Board should ensure that the Company has in place effective disclosure policies and procedures so that shareholders and the market are fully informed to the extent required by applicable disclosure rules and legislation on matters that may influence the price of the Company's securities.

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## 15 REVIEW

- 15.1 The Board will review this Charter regularly so that it remains consistent with the Board's objectives, responsibilities and its legal and regulatory obligations.

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## 16 DISCLOSURE OF CHARTER

**16.1** This Board Charter, and any updates, will be made available on the Company's website [www.hxyry.com](http://www.hxyry.com) in a clearly marked "Corporate Governance" section.

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## **17 DEFINITIONS**

General terms and abbreviations used in this Charter have the meanings set out below:

ASX means ASX Limited ACN 008 624 691 or the securities market operated by ASX Limited, as the case may be.

Board means the board of Directors of the Company.

Chair means the chair of the Board.

Charter means this Board Charter.

Chief Executive Officer means the chief executive officer, or equivalent managing director, of the Company.

Company means Hao Xian Yang Limited and its controlled entities from time to time.

Company Secretary means the Company secretary of the Company.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company

Employee includes executive Directors, managers and all other staff engaged on a contract of employment or a salaried basis, and where the context requires, non-executive Directors.

NSX means NSX Limited (ABN 98 008 624 691) or the National Securities Exchange (as the context requires).

NSX Listing Rules means the listing rules of the NSX, as amended from time to time.

Officer means a senior executive of the Company.