



**NEW HOONG FATT HOLDINGS BERHAD**  
Registration No. 199701010213 (425709-K)

---

# BOARD CHARTER

---

Current Review Date: 27 February 2025

# NEW HOONG FATT HOLDINGS BERHAD

## BOARD CHARTER

### 1. PURPOSE OF BOARD CHARTER

The primary objective of the Board Charter of New Hoong Fatt Holdings Berhad (“NHF” or “the Company”) is to:

- a) set out the roles, composition and responsibilities of the Board of Directors (“the Board”) and the key elements of governance principles guiding the business culture and strategic initiatives of the Company;
- b) guide the operations of the Board and provide procedures for convening Board meetings;
- c) act as a source of reference and primary induction materials, providing insights to existing and prospective board members;
- d) assist the Board in the assessment of its own performance and that of individual directors; and
- e) ensure compliance with regulations and standards while promoting ethical conduct, integrity, and accountability throughout the Board and the organisation.

### 2. PURPOSE OF THE BOARD

The Board is responsible for the performance of the Company and its subsidiaries (collectively “the Group”) and for overseeing the Group’s strategy and monitoring its operation. The Board ensures the effective management and control over the activities of the Group with the aim of securing the greatest possible value creation over time in the best interest of the Group and shareholders, taking into consideration the interests of other stakeholders.

The Board is also responsible for establishing a corporate culture that engenders ethical conduct that permeates throughout the Group. To integrate this culture into the Group, the Board formalises ethical values and strategies through the Group’s policies and ensures the implementation of appropriate internal systems to support, promote, and ensure its compliance. This includes having in place appropriate communication channels, which facilitate whistleblowing by employees, customers, suppliers or other stakeholders to raise concerns about potential or suspected infractions of the code of conduct, or any failure to comply with the laws and regulations governing the Group. Such concerns may be directed to the Senior Independent Non-Executive Director or the Chairman of Audit and Risk Management Committee.

### 3. STRUCTURE AND COMPOSITION OF THE BOARD

The Board recognises board diversity as an important aspect of its board composition, and as such, a balanced board should comprise of Directors with the requisite range of skills, competence, knowledge, calibre and experience, as well as a diversity of perspectives, gender, age, tenure and ethnicity, in order to set the context for appropriate board behaviour that will enable them to discharge their duties and responsibilities effectively in good faith with a reasonable degree of care and diligence.

The number of Directors must be at least two (2) and no more than nine (9). In terms of independence and gender diversity, at least two (2) directors or one-third (1/3) of the Board, whichever is higher, must be Independent Directors, and at least one-third (1/3) of the Board consist of women.

In the event of any vacancy in the Board, resulting in non-compliance of the above, the vacancy must be filled within three (3) months.

The positions of Chairman and Chief Executive Officer/Managing Director (“MD”) should be held by different individuals, and the division of responsibilities between the Chairman and MD must be clearly defined.

The composition of the Board shall be assessed annually by the Nomination Committee.

### **3.1 Chairman of the Board**

The Chairman of the Board (“Chairman”) is primarily responsible for:

- (a) providing leadership to the Board for all aspects of the Board’s roles and responsibilities;
- (b) leading Board meetings and discussions; facilitating the Directors’ effective participation and performance at such meetings;
- (c) presiding over general meetings of shareholders and working with the Company Secretary to set the meeting agenda;
- (d) facilitating communication and understanding between the Board and Management, as well as between the Board and stakeholders;
- (e) acting as an advisor to the MD and Management on all matters concerning the interests and management of the Group;
- (f) monitoring the Group’s vision, strategic direction, and business development;
- (g) leading the Board in the adoption and implementation of good corporate governance practices in the Group; and
- (h) ensuring operations of the Group conform with the Board’s strategic directions, views and corporate policies.

The Chairman should be a non-executive member of the Board. Where the Chairman is executive, then the Executive Directors should not hold majority vote on the Board.

The Chairman should not be a member of the Audit and Risk Management Committee, Nomination Committee or Remuneration Committee.

### **3.2 Managing Director**

The MD is primarily responsible for:

- (a) executing the policy direction and management of the Group;
- (b) managing the day-to-day operations of the Group;
- (c) bringing material issues and other relevant matters to the attention of the Board;
- (d) reporting the financial and key business performance of the Group to the Board;
- (e) developing business plan and strategies and recommending yearly budget for the Board’s approval;
- (f) the prudent management of the Group’s resources within the budget guidelines approved by the Board;
- (g) the effective management of the human resources of the Group according to authorised personnel policies and procedures;
- (h) ensuring that the risk management and internal control system is operating effectively in all material respects;

- (i) promoting good governance in pursuit of a sustainable business;
- (j) promoting sustainability throughout the organisation, including monitoring sustainability performance, and managing related risks including climate change, health and safety, and human rights; and
- (k) the communication and implementation of the policies and strategies adopted by the Board.

### **3.3 Independent Directors**

The basis for the presence of an independent voice on the Board is to ensure that objectivity in the decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company. This is to safeguard the interests of all stakeholders, particularly the minority shareholders. In ensuring that there is no concentration of power in any member of the Board, the Independent Directors are expected to exercise their oversight responsibilities in the decision-making of the Board independently and objectively.

A Director is an Independent Director if he fulfils the independence criteria as prescribed by Paragraph 1.01 of Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and the Board is satisfied that such Director is independent of the Management and free from any business, relationships or any circumstance which could materially interfere with the exercise of independent judgement or the ability to act in the best interest of the Group.

For good governance, the tenure of an Independent Director shall be limited to a maximum of nine (9) years, with no extensions permitted.

The Board, through the Nomination Committee, will undertake an assessment of the independence of the Independent Directors (including the tenure of the Independent Directors) upon their proposed appointment, annually and when the Independent Directors disclose to the Board any new information in relation to interests or relationships relevant to their independence.

### **3.4 Senior Independent Non-Executive Director**

The Board may elect a Senior Independent Director from amongst the Independent Non-Executive Directors, which excludes the Audit and Risk Management Committee Chairman, who is responsible for, amongst others:

- (a) Chairing the Nomination Committee;
- (b) Acting as a sounding board for the Chairman and serving as an alternative communication channel between the Chairman and the Board;
- (c) Acting as the independent channel for whistleblowers to direct reports/complaints as identified in the Company's Whistleblowing Policy and Procedures; and
- (d) Addressing concerns of shareholders or other stakeholders, which have failed to be resolved or are not appropriate to be communicated through the normal channels of the Chairman or MD.

### **3.5 Company Secretary**

The Board shall appoint a Company Secretary(ies) who is responsible for:

- (a) providing guidance to the Board on its roles and responsibilities, good governance, board policies and procedures;

- (b) advising the Board on matters related to compliance with its obligations under the Company's Constitution;
- (c) advising the Board on corporate disclosures and compliance with the Companies Act 2016, the Listing Requirements of Bursa Securities and other applicable laws and regulations;
- (d) updating the Board on changes to statutory and regulatory requirements;
- (e) attending all shareholders' meetings, Board and Board Committee meetings and ensuring proper conduct of the meetings and that the discussions on key deliberations and decisions are properly recorded including whether any members abstained from voting or deliberating on a particular matter. The draft minutes shall be circulated to all members of the Committee for comment / approval within 30 days after the meetings;
- (f) maintaining proper statutory and other important documents of the Company and of the Board; and
- (g) facilitating the Board's communication and monitoring the implementation of the Board's decisions, where appropriate.

All Directors have full and unrestricted access to the advice and services of the Company Secretary(ies).

## **4. APPOINTMENT AND RE-ELECTION OF DIRECTORS**

### **4.1 Appointment**

Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the Nomination Committee. The Nomination Committee has the responsibility to ensure that the Board comprises suitably qualified members who possess appropriate knowledge, skills, competencies, character and experience that may contribute to the Board's effective oversight and stewardship. Details on the recruitment process of Directors are provided in the Directors' Recruitment & Fit and Proper Policy.

Each Director shall devote sufficient time to carry out his or her duties to the Company, including, amongst others, attendance at board or committee meetings, shareholders' meetings, major company events and participation in continuing training programmes.

Before accepting other external directorship, whether in a listed or non-listed company, the Director should notify the Chairman at least one (1) week before the new appointment.

### **4.2 Re-election**

The Company's Constitution provides that an election of Directors shall take place each year at the Annual General Meeting ("AGM") of the Company. At the AGM, one third (1/3) of the Board, or the number nearest to one-third (1/3) of the Board shall retire from office and be eligible for re-election, provided that every Director shall retire from office at least once every three (3) years. Every newly appointed Director shall hold office until the next following AGM 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. Shareholders are entitled to vote for the election or re-election of all Directors.

## 5. DISQUALIFICATION OF DIRECTORS

The office of a Director shall become vacant if the Director:-

- (a) becomes disqualified from being a Director under Section 198 or 199 of the Companies Act 2016 (“the Act”);
- (b) ceases to be or is prohibited from being a Director by virtue of the Act or the Securities Laws or the Bursa Securities’ Listing Requirements;
- (c) 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;
- (d) resigns his office by notice in writing to the Company and deposited at the Company’s registered office;
- (e) is removed from office by ordinary resolution of the Company in a general meeting of which special notice has been given in accordance with the Act or the Company’s Constitution;
- (f) is absent for more than fifty percent (50%) of the total meetings of the Directors held during a financial year;
- (g) dies; or
- (h) retires in accordance with the Act or under the Company’s Constitution and is not re-elected.

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

## 6. ROLES AND RESPONSIBILITIES OF THE BOARD

### 6.1 Fiduciary Duties of Board Members

In discharging its fiduciary duties, the Board must at all times act in good faith, with candor, avoiding all potential or actual conflicts of interest, act in the best interest of the Company and, at the same time, advance the interests of shareholders and other stakeholders.

All Directors are required to:

- (a) declare any interests that may give rise to potential or perceived conflict, e.g., business relationships or other circumstances that could interfere with the exercise of objective judgment;
- (b) declare as soon as they become aware that a subject or transaction to be discussed at a Board or Board Committee meeting may give rise to a conflict of interest. The affected Director shall not participate further in the discussion of that subject or transaction, nor vote on it; and
- (c) keep confidential any information of a confidential nature regarding the business of the Company or the Group that comes to his/her knowledge in the capacity of his/her work for the Company. All Directors should not use such confidential information for their personal benefit, e.g., a Director must not deal in the Company’s securities as long as he/she is in possession of price-sensitive information relating to the Company.

### 6.2 Strategic Responsibilities

In discharging the governance function, the Board is responsible for, amongst others, the following principal responsibilities:

- (a) reviewing and monitoring the strategic plan for the Group;
- (b) overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed;

- (c) identifying and monitoring the principal risks including sustainability risks such as climate change, health and safety, and human rights, and ensuring the implementation of appropriate systems to manage these risks;
- (d) succession planning of the Board, including their appointment and fixing their remuneration;
- (e) reviewing the investor relations policy and overseeing shareholders' engagement;
- (f) reviewing the adequacy and integrity of the internal control systems and information systems of the Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- (g) promoting good corporate governance and sustainability practices within the Group, including setting the Company's sustainability strategies, priorities and targets.

### **6.3 Formal Schedule of Matter Reserved for Board's Approval**

The Board shall delegate to the Executive Directors the authority and power to manage the Group and its businesses within levels of authority specified by the Board from time to time. At the same time, it has set aside a formal schedule of matters specifically reserved for the Board's decision and approval, including authority levels, to ensure that the direction and control of the Company are firmly in its hands. These include the approval of corporate proposals; the appointment of Directors and Key Senior Management; the appointment and removal of Company Secretary; the establishment of Board Committees; the Directors' and Key Senior Managements' remuneration; major acquisitions and disposals; business strategy; annual budget; quarterly and annual financial reports; declaration and recommendation of dividend; new investment; establishment or disposal of subsidiary; entry into a memorandum of understanding; as well as approval of corporate policies.

Full details of the formal schedule of matters specifically reserved for the Board's approval are set out in the Matters for Board of Directors' Approval manual.

## **7. BOARD COMMITTEES**

The Board may delegate certain of its functions to the following Board Committees who will assist the Board in executing its duties and responsibilities:

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

The Chairman and members of the above committees shall be determined by the Board from amongst its members. The Chairman of the Board Committee shall not be the Chairman of the Board.

The Board Committees have an obligation to report on the proceedings of their respective meetings to the Board and minutes of all Committee meetings are to be made available to all Directors for notation.

The Board remains collectively responsible for the decisions and actions taken by any Committee. All recommendations, observations and/or assessment results discussed and reviewed by the Board Committees will be made or referred to the Board as a whole, who will ultimately consider, evaluate and make the final decisions.

The respective Chairman of each Board Committee should attend the Annual General Meeting of the Company to answer questions raised by the shareholders on the Committees' activities.

## **7.1 Audit and Risk Management Committee**

The Audit and Risk Management Committee is responsible for, amongst others:

- (a) ensuring the financial statements of the Company and the Group comply with applicable financial reporting standards, which is integral to the reliability and accuracy of financial statements;
- (b) reviewing the external and internal audit plans, processes, and audit results, as well as Management's responses, and ensuring appropriate action is taken on recommendations where necessary;
- (c) assessing the suitability and independence of External and Internal Auditors, and conducting an annual evaluation of the performance and effectiveness of the audit functions;
- (d) evaluating the adequacy and effectiveness of the system of internal control and risk management of the Group, including material economic, environmental and social risks and ensuring these risks are properly addressed;
- (e) overseeing the execution of sustainability or environmental, social and governance (ESG) planning, reviewing the Company's sustainability disclosures and ensuring that proper processes and controls are established; and
- (f) reviewing related party transactions and conflict of interest situation that arose, persist or may arise within the Company or the Group.

The detailed functions and duties, composition, rights and meeting procedures of the Audit and Risk Management Committee are set out in its Terms of Reference.

## **7.2 Nomination Committee**

The Nomination Committee is mainly responsible for:

- (a) assessing and recommending to the Board the candidature of Directors and Key Senior Management based on recruitment criteria approved by the Board;
- (b) assessing and recommending to the Board, Directors to be appointed to the Board Committees;
- (c) assessing the effectiveness of the Board as a whole, the Board Committees, the contribution and performance of each individual Director annually, including the performance of Directors who are retiring by rotation, the term of office and performance of the Audit and Risk Management Committee and its members, as well as the position of Senior Independent Director;
- (d) assessing the independence of Independent Directors;
- (e) reviewing succession plans for the Board;
- (f) assessing the training needs of each Director;
- (g) reviewing succession plans for the Key Senior Management and their annual performance evaluation; and
- (h) reviewing criteria for the recruitment process.

The detailed functions and duties, composition, rights and meeting procedures of the Nomination Committee are set out in its Terms of Reference.



### **7.3 Remuneration Committee**

The Remuneration Committee is mainly responsible for:

- (a) establishing a formal and transparent policy on remuneration packages of individual Directors; and
- (b) reviewing and recommending to the Board the remuneration of the Executive Directors and Key Senior Management.

The detailed functions and duties, composition, rights and meeting procedures of the Remuneration Committee are set out in its Terms of Reference.

## **8. MEETINGS**

Board meetings are to be held at least four (4) times a year. Besides general meetings, Directors are expected to attend all Board and Board Committee meetings on which they serve and to devote sufficient time to prepare for and properly discharge their responsibilities at those meetings. Each Director shall attend at least 50% of the total Board meetings held during the year.

Information and materials that are important to the understanding of the business to be conducted at a Board or Board Committee meeting shall be distributed to the Directors at least one (1) week prior to the meeting, and in exceptional cases, within 24 hours, to allow ample time for review and preparation.

The Chairman, in consultation with the Company Secretary, shall set the agenda for each meeting. Other Board members may also be consulted to provide input on topical agenda items that may be of interest to the Board. The agenda can be voted upon to form Board resolutions.

By leveraging on technology, Board meetings can also be conducted via telephone conferencing, video conferencing or by any means of communication technology that allows all participants in the meeting to communicate with each other. A Director so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

In order to facilitate the effective implementation of decisions made, all matters requiring the Board's approval in between Board meetings will be sanctioned by way of written circular resolutions supported by relevant information on the subject matter.

### **8.1 Proceedings at Meetings**

- (a) The aspects of notice period, quorum and voting rights of Board meetings are governed by the Constitution of the Company.
- (b) Reasonable notice of meetings and the agenda on the business to be conducted shall be given to members of the Board at least one (1) week before each meeting.
- (c) The Company Secretary or her nominee, or such other person authorised by the Board shall attend the meetings and minutes the proceedings thereof. All Board members must ensure that the minutes of meetings accurately reflect the Board's deliberations and decisions made, including whether any Director abstained from voting or deliberating on a particular matter.

## **9. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

Management must provide the Board and Board Committees with information in a form, timeframe and quality that enables them to effectively discharge their responsibilities and duties.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. They have the right to full and unrestricted access to all relevant Company's information and the Management.

They may take such independent legal, financial, governance or other advice as they consider necessary at the cost of the Company. Any Director seeking independent advice must first discuss the request with the Chairman, who will facilitate obtaining such advice and, where appropriate, disseminate the advice to all Directors. Any significant issue raised by a Director is to be communicated to the Chairman, MD or Company Secretary(ies), where appropriate.

The Board should understand the structure and operations of the Group as well as key developments affecting the Group and may receive periodic presentations to assist in achieving such an understanding.

## **10. TRAINING AND CONTINUING DEVELOPMENT**

Directors must attend such training programmes as may be prescribed by Bursa Securities from time to time. All newly appointed Directors shall undergo the Mandatory Accreditation Programmes ("MAP") as prescribed by Bursa Securities if they have not already done so. In addition to the MAP, newly appointed Directors must participate in an induction programme that is tailored to facilitate the understanding of their roles and responsibilities, the Group's business, strategy, objectives, policies, procedures, operations and the business environment.

Directors must continue to update their knowledge and enhance their skills through appropriate continuing education programmes. The training content should enable the Directors to effectively discharge their duties and maintain active participation in the Board deliberations.

## **11. CORPORATE DISCLOSURE AND RELATIONSHIP WITH STAKEHOLDERS**

The Board is responsible for ensuring timely, accurate and complete information about the Company and the Group is provided equally to its shareholders, stakeholders and to the general investing public.

The Board must ensure that the financial statements of the Company and the Group provide a true and fair view of the Company and Group's financial position and performance as well as comply with applicable financial reporting standards, as this is integral to the reliability of financial statements.

The Board shall maintain a communication policy that allows the Board and Management to communicate effectively with its shareholders, stakeholders and the general public. This includes the usage of information technology for effective dissemination of information pertaining to the Company and its activities as well as in communicating with stakeholders on the website of the Company at [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my), which houses annual reports, quarterly report announcements, press releases, etc.

## **12. CODE OF CONDUCT AND ETHICS**

All Directors, Senior Management, employees and third parties shall act in the best interest of the Group when they represent the Group.

The above parties shall comply with the following, where applicable, which will give guidance on the appropriate conduct and ethics:

- (a) NHF's Vision, Mission and Core Values;
- (b) Bursa Securities' Listing Requirements, laws, regulations and ethical standards;
- (c) NHF's Corporate Disclosure and Investor Relations Policy;
- (d) NHF's Financial Management Policy and Strategy;
- (e) NHF's Investment Policy;
- (f) NHF's Whistleblowing Policy and Procedures;
- (g) NHF's Related Party Transactions Policy & Procedures;
- (h) NHF's Conflict of Interest Policy;
- (i) NHF's Anti-Bribery and Corruption Policy and Procedures;
- (j) NHF's Human Resource Manual, Policies, Regulations & Procedures and Terms & Conditions of Employment;
- (k) NHF's Quality Policy;
- (l) NHF's IT Policy;
- (m) NHF's ISO Quality Manual; and
- (n) NHF's Safety, Health and Environment Policy.

## **13. REVIEW OF BOARD CHARTER**

The Board Charter should be reviewed annually and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities.

The Board Charter is made available for reference on the website of the Company at [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my).