

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7060  
**COMPANY NAME** : NEW HOONG FATT HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2024

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("Board") of New Hoong Fatt Holdings Berhad ("NHF" or "the Company") is responsible for reviewing the performance of the Company and its subsidiaries (collectively referred to as "the Group") and its business strategies, as well as monitoring its operations to ensure the highest possible value creation over time. The Board ensures the effective management and control over activities of the Group by fulfilling among others, the following responsibilities:</p> <ul style="list-style-type: none"><li>• <b>Review and monitor strategic plan</b></li></ul> <p>The Board's main functions are to provide leadership and guidance on the Group's strategic objectives as well as review and monitor the progress and performance of the Group. The Board ensures that adequate resources are in place for the Group to meet its objectives. The Managing Director and the Management develop corporate strategies and policies, including the annual business plan and budget, which are then reviewed, deliberated, constructively challenged and approved by the Board. The Board reviews the performances of the Group and the Management against targets on a quarterly basis.</p> <ul style="list-style-type: none"><li>• <b>Oversee business conduct</b></li></ul> <p>The Board is responsible for ensuring that the Group conducts its business in a profitable and ethical manner. Thus, it ensures that a corporate culture that engenders ethical conduct and integrity is established by formalising ethical values and policies to guide the Management and employees in the Group's day-to-day activities. The Board adopts high standards of business ethics and ensures that the Group's vision, mission and objectives are sound and demonstrative of its values.</p>

	<ul style="list-style-type: none"> <li> <b>Oversee risk management and internal control systems</b> <p>The Board has oversight responsibility over the Group's risk management and internal control systems, which cover financial, strategic, operational and compliance aspects to safeguard shareholders' interests and the Group's assets. In discharging this function, the Board ensures that the Management puts in place appropriate systems to actively identify and assess the principal risks and implement appropriate controls to manage these risks. At the same time, the Board reviews the adequacy and effectiveness of the Group's internal control systems to mitigate the possibilities of fraud and reduce the irregularities in the Group's operational activities.</p> </li> <li> <b>Promote good corporate governance and sound sustainability practices</b> <p>The Board assumes responsibility for ensuring that the Group implements good corporate governance practices and embraces sound sustainable practices across its business strategies and activities, taking into consideration the impacts the Group has with respect to the economic, environmental and social aspects. By doing so, the Group ensures the sustainability of its business and thus creates long-term value for all stakeholders.</p> </li> <li> <b>Develop succession plan for the Board and key positions</b> <p>The Board acknowledges the importance of ensuring the succession of Board members and Key Senior Management is in place to ensure continuity of leadership for sustainable business and performance. The Group has in place a Succession Planning Policy that sets out the processes for identifying potential successors for key vacant positions in the Group to support operations and service continuity. This Policy caters to the Group's strategies for mitigating risks associated with its human capital, both at the strategic and operational levels.</p> </li> <li> <b>Ensure proper investor relations and shareholder communications</b> <p>The Board ensures that the Company's disclosure requirements and communication with the shareholders are met. The Company has adopted a Corporate Disclosure and Investor Relations Policy which outlines procedures and guidelines in relation to the Company's disclosure requirements, the handling of material information, and dealing with investors, analysts, media and the investing public.</p> </li> </ul> <p>The Board's main roles and responsibilities are clearly defined in its Board Charter. The Board has formed three (3) Board Committees, namely:</p>
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	<p>(i) Audit and Risk Management Committee (“ARMC”);  (ii) Nomination Committee (“NC”); and  (iii) Remuneration Committee (“RC”).</p> <p>These Committees are assigned specific responsibilities and authorities to support the Board in fulfilling its duties and to provide the Board with recommendations and advice. Details of their functions, duties, composition, rights and meeting procedures are set out in the Terms of Reference of the respective Board Committees, which are accessible for reference on the Company’s website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a>.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board ("the Chairman"), Madam Kam Foong Keng ("Madam Kam"), is primarily responsible for the activities of the Board and its committees. Madam Kam was appointed based on her entrepreneurial leadership and extensive experience in the Group's operations over many years. As one of the pioneer members of the Group, she plays a critical role in providing leadership to the Board and steering the vision, strategic direction and business development of the Group with the guidance of the Independent Directors.</p> <p>The Chairman's specific responsibilities are specified in the Company's Board Charter, which include the following:</p> <ul style="list-style-type: none"><li>• Provide leadership to the Board in all aspects of the Board's roles and responsibilities;</li><li>• Lead Board meetings and discussions, facilitating the Directors' effective participation and performance at such meetings;</li><li>• Lead the Board in the adoption and implementation of good corporate governance practices in the Group;</li><li>• Preside over general meetings of shareholders and work with the Company Secretaries to set the meeting agenda, ensure sufficient time for deliberation of each agenda item, ensure that all views are heard, and provide a fair opportunity for all to participate actively and constructively during the meetings and discussions;</li><li>• Monitor the vision, strategic direction and business development of the Group;</li><li>• Ensure that the Group's operations conform with the Board's strategic directions, views and corporate policies;</li><li>• Facilitate communication and understanding between the Board and the Management, and between the Board and the Group's stakeholders; and</li><li>• Act in an advisory capacity to the Managing Director and the Management in all matters concerning the interests and management of the Group.</li></ul> <p>Based on the results of Directors' Performance Evaluation carried out during the financial year, the Board is satisfied that the Chairman is effective in leading the Board.</p>

<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and Managing Director are held by two (2) different individuals. A clear segregation of their roles and responsibilities is stated and defined in the Company's Board Charter.</p> <p>The Chairman, Madam Kam Foong Keng, primarily leads the Board, while the Managing Director, Mr Chin Jit Sin, is responsible for providing leadership and business judgement to the Management, as well as providing a strategic direction for the Group.</p> <p>The Managing Director's responsibilities are specified in the Company's Board Charter, which include the following:</p> <ul style="list-style-type: none"><li>• Manage the day-to-day operations of the Group and ensure the effective and efficient functioning of all operating divisions;</li><li>• Develop business plan, strategies and budget together with the Management for the Board's approval;</li><li>• Manage the Group's resources, including its human capital, within the guidelines and budget approved by the Board.</li><li>• Communicate the Group's strategies and policies as approved by the Board to the Management;</li><li>• Ensure that the risk management and internal control systems are operating effectively;</li><li>• Drive the Group's sustainability agenda by overseeing performance and managing risks and fostering responsible business practices in areas related to, among others, climate change, health and safety and human rights;</li><li>• Promote good governance in pursuit of a sustainable business; and</li><li>• Report financial and key business performance of the Group to the Board.</li></ul> <p>The clear segregation of roles between the Chairman and Managing Director not only ensures a balanced distribution of power and authority but also fosters an open exchange of views and opinions between the Board and the Management in their deliberations of the Group's business, strategies and key operations.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		



### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman, Madam Kam Foong Keng, is not a member of the ARMC, NC or RC.</p> <p>As the Executive Director of the Company, the Chairman is deeply involved in the Group's daily operations. She has chosen to recuse herself from attending Board Committee meetings, unless her presence is required in her executive capacity. This decision reflects her extensive familiarity, knowledge, and experience with the Group's activities, which enriches discussions when she participates.</p> <p>The Board is confident that this practice does not compromise the objectivity of either the Chairman or the Board when considering the observations and recommendations presented by the Committees. Each Director carefully evaluates and discusses matters collectively, ensuring a thorough and unbiased decision-making process.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) qualified and competent Company Secretaries, Ms Teo Mee Hui and Ms Tan Bee Hwa. Both are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and are qualified to act as company secretaries in accordance with Section 235(2) of the Companies Act 2016.</p> <p>As per the Company's Board Charter, the key responsibilities of the Company Secretaries are as follows:</p> <ul style="list-style-type: none"><li>• Advise the Board on its roles and responsibilities, good governance, and Board policies and procedures;</li><li>• Advise the Board on matters related to compliance with relevant laws, rules and regulations;</li><li>• Update the Board on changes to statutory and regulatory requirements, and relevant guidelines;</li><li>• Attend all shareholders', Board and Board Committee meetings, ensure proper conduct and record discussions on key deliberations and decisions made at these meeting;</li><li>• Maintain proper statutory and other important documents of the Company, as well as those of the Board and Board Committees; and</li><li>• Facilitate communication within the Board and monitor the implementation of the Board's decisions, where appropriate.</li></ul> <p>All Directors have full and unrestricted access to the advice and services of the Company Secretaries, and decisions regarding the appointment and removal of the Company Secretaries are matters of the Board as a whole.</p> <p>During the financial year, the Company Secretaries attended appropriate conferences and trainings programmes to stay abreast of relevant developments in laws, regulations and corporate governance practices, enabling them to effectively fulfil their advisory role to the Board.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board convenes quarterly meetings and additional meetings are scheduled as necessary. To facilitate planning and ensure optimal attendance, the dates of Board meetings for the upcoming financial year are set a year in advance.</p> <p>There were four (4) Board meetings held during the financial year under review. Adequate notice of Board meetings and the agenda for the business to be conducted were circulated via electronic mail to all Directors at least five (5) working days prior to each meeting. Concurrently, the Board papers that provide both financial and non-financial information, such as minutes of previous meetings, management reports and financial reports were also circulated together with the notice. This ensures that Directors have sufficient time to review the papers and seek additional clarifications if needed, facilitating informed decision-making and expediting the business proceedings during the meeting. At the Board meetings, the Management was invited to present and brief the Board on the Group's financial and operational matters.</p> <p>The minutes of meetings were circulated to all Directors for their review or comments within a reasonable time frame after each meeting. This practice ensures that the minutes accurately capture the deliberations and decisions of the Board, including whether any Director had abstained from voting or deliberating on a particular matter. The minutes were then tabled for confirmation at the subsequent Board meeting and signed by the Chairman. Any outstanding matters arising from the previous meeting were tracked and reviewed by the Board until resolved.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, in the discharge of its duties, adheres to the guidelines set forth in the Company's Board Charter. The charter delineates various aspects, including the roles and responsibilities of the Board, the Chairman, the Managing Director, the Senior Independent Non-Executive Directors, the Board Committees and the Company Secretaries. It also outlines the Board's structure, rights and procedures governing its meetings. The Board Charter incorporates key governance principles to regulate the Board's conduct and assist in establishing effective operating procedures for the Board.</p> <p>The Board Charter also sets out the formal schedule of matters reserved exclusively for the Board's decisions and approvals. These include:</p> <ul style="list-style-type: none"><li>• approval of corporate proposals;</li><li>• appointment and removal of Directors and Company Secretaries;</li><li>• establishment of Board Committees;</li><li>• approval of Directors' and Key Senior Management's remuneration;</li><li>• approval of major acquisitions and disposals;</li><li>• approval of business strategies and annual budgets;</li><li>• approval of financial reports;</li><li>• convening of general meetings;</li><li>• declaration and recommendation of dividends;</li><li>• approval of new investments, joint ventures, or establishment or disposal of subsidiaries;</li><li>• provision of borrowings and guarantees;</li><li>• entry into a memorandum of understanding;</li><li>• involvement in material litigation;</li><li>• amendments to the Constitution of the Company; and</li><li>• approval of corporate policies.</li></ul>

	The Board Charter is subject to annual review and is updated from time to time to ensure alignment with changes in the Company’s policies and procedures and adherence to the latest regulations and legislation. It was last reviewed and updated on 25 November 2024 and is accessible for reference on the Company’s website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a> .	
Explanation for departure		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure		
Timeframe		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and all employees are guided by the Group's core values, encapsulated in the acronym R.E.C.I.P.E. (Respect, Excellence, Customer Focus, Integrity, Perseverance and Ever-Ready). These values, along with relevant policies and procedures serve as guiding principles for appropriate conduct and ethics within the Group. The Group has established the following policies and procedures, which are periodically reviewed, to provide direction and guidance to all employees within the Group and relevant third parties, where applicable:</p> <ul style="list-style-type: none"><li>(a) Board Charter;</li><li>(b) Corporate Disclosure and Investor Relations Policy;</li><li>(c) Financial Management Policy and Strategy;</li><li>(d) Investment Policy</li><li>(e) Whistleblowing Policy and Procedures;</li><li>(f) Anti-Bribery and Corruption ("ABC") Policy and Procedures;</li><li>(g) Related Party Transactions Policy and Procedures;</li><li>(h) Conflict of Interest Policy;</li><li>(i) Human Resource manual, policies, regulations and procedures; and terms and conditions of employment;</li><li>(j) Quality Policy;</li><li>(k) Information Technology (IT) Policy;</li><li>(l) Limit of Authority Manual;</li><li>(m) International Organisation for Standardisation (ISO) Quality Manual; and</li><li>(n) Safety, Health and Environment Policy.</li></ul> <p>These policies and procedures address key matters such as conflict of interest, corruption, confidentiality, insider trading and competition. The policies and manuals are periodically reviewed and updated in accordance with the needs of the Group and to reflect changes in the relevant laws and regulations.</p>



	<p>The Group upholds a zero-tolerance stance towards bribery and corruption, affirming its commitment to conducting business professionally, fairly and with integrity in all dealings and relationships. The Board has established the ABC Policy and Procedures to provide practical guidance for all employees and relevant third parties in identifying and addressing bribery and corruption in all business dealings and relationships with the Group. The policy is accessible for reference on the Company’s website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a>.</p> <p>To further mitigate bribery and corruption risks, the Group adopts control measures in accordance with the Guidelines on Adequate Procedures issued pursuant to Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009. These measures encompass annual corruption risk assessments, ABC training and communication, proper documentation of all business transactions, the establishment of reporting channels and supplier and contractor due diligence.</p> <p>During the financial year, the Internal Auditors assessed the Group’s compliance with the ABC Policy and Procedures and recommended improvements for certain existing procedures.</p>	
Explanation for departure		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure		
Timeframe		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied												
Explanation on application of the practice	:	<p>The Board has established the Whistleblowing Policy and Procedures, which provides a dedicated channel for employees and other stakeholders to report any suspected violation of laws or regulations or any observed illegal acts within the Group. This includes but is not limited to financial malpractice, fraud, bribery or corruption, conflict of interest incidents, non-compliance with regulatory requirements, danger to health, safety, or the environment, criminal activity, and verbal, physical or sexual abuse. This policy outlines the procedures for reporting genuine concerns about any misconduct that is currently occurring, has occurred or may occur in the future.</p> <p>Reports can be submitted orally or in writing to either the following persons:</p> <p>a. Senior Independent Non-Executive Director</p> <table><tr><td>Name:</td><td>Mr Oei Kok Eong</td></tr><tr><td>Email:</td><td><a href="mailto:kevistage@gmail.com">kevistage@gmail.com</a></td></tr><tr><td>Telephone:</td><td>012-334 6573</td></tr></table> <p>b. Chairman of the ARMC</p> <table><tr><td>Name:</td><td>Mr Ng Chee Kiet</td></tr><tr><td>Email:</td><td><a href="mailto:ngcheekiet@hotmail.com">ngcheekiet@hotmail.com</a></td></tr><tr><td>Telephone:</td><td>012-330 3368</td></tr></table> <p>Alternatively, reports in writing may be sent by mail to the Company Secretary's address, addressed to either the Senior Independent Non-Executive Director or the Chairman of the ARMC.</p> <p>The Group handles all reports with strict confidentiality and ensures protection for individuals who reports such concerns in good faith. The Whistleblowing Policy and Procedures was reviewed and updated during the financial year and is accessible for reference on the Company's website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a>.</p>	Name:	Mr Oei Kok Eong	Email:	<a href="mailto:kevistage@gmail.com">kevistage@gmail.com</a>	Telephone:	012-334 6573	Name:	Mr Ng Chee Kiet	Email:	<a href="mailto:ngcheekiet@hotmail.com">ngcheekiet@hotmail.com</a>	Telephone:	012-330 3368
Name:	Mr Oei Kok Eong													
Email:	<a href="mailto:kevistage@gmail.com">kevistage@gmail.com</a>													
Telephone:	012-334 6573													
Name:	Mr Ng Chee Kiet													
Email:	<a href="mailto:ngcheekiet@hotmail.com">ngcheekiet@hotmail.com</a>													
Telephone:	012-330 3368													

	During the financial year, no whistleblowing reports were received pertaining to any incidents of misconduct.			
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

## Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board ensures that the Group implements sound sustainability practices into its business strategies and activities, taking into consideration the economic, environmental and social impacts to the Group's operations. In this regard, the Board focuses on sustainability matters that have a significant impact on its operations and revenues, ensuring both risks and opportunities are effectively managed. The Board plays a pivotal role in overseeing the Group's sustainability-related strategy, aligning it with business goals, and being accountable for sustainability performance and disclosures.</p> <p>The ARMC supports the Board in reviewing sustainability performance against targets, assessing key sustainability risks and identifying new opportunities to enhance the Group's economic, environmental, social and governance performance.</p> <p>To drive these initiatives, the Group has established a Sustainability Working Group ("SWG"), which formulates programs, sets targets, tracks progress, and integrates sustainability practices into operations. Additionally, the SWG is tasked with identifying, evaluating, monitoring and managing the Group's key sustainability-related risks and opportunities. Regular updates on sustainability performance and initiatives are reported to the ARMC and Board at each quarterly meeting.</p> <p>The SWG is led by the Managing Director and comprises Key Senior Management and various department heads, who are responsible for the day-to-day implementation of sustainability activities and initiatives. These leaders guide their respective teams towards achieving sustainability targets and are tasked with collecting and reporting key performance data. Separately, the Corporate &amp; Sustainability Department coordinates the Groups' sustainability initiatives and performance, including ensuring the effective management of the Group's sustainability report.</p>

	Operational performance issues related to sustainability are reviewed in the Group Leadership quarterly meetings. Several material sustainability issues, such as workplace safety and environmental conservation, are closely linked to the Group's key business risks. As such, these matters are monitored and addressed through the Group's Enterprise Risk Management ("ERM") framework.			
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>External stakeholders are informed on the Group’s sustainability strategies and performance mainly through the Sustainability Statement in the Annual Report, which is accessible on the Company’s website and Bursa Malaysia Securities Berhad (“Bursa Securities”) website. The Statement highlights the three (3) main pillars of sustainability, namely, economic, environmental and social, while governance matters are addressed in the Corporate Governance Overview Statement in the same report.</p> <p>Internally, the Group communicates its sustainability direction and performance through the Group Leadership’s quarterly meetings and Quarterly Business Meetings, which are attended by Key Senior Management and various department heads.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	In 2024, the Board members participated in various sustainability-related courses and workshops to enhance their ability to manage sustainability risks and opportunities. The details of the sustainability-related trainings attended by the Directors are set out in the Corporate Governance Overview Report of the Annual Report 2024.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The performance evaluation of the Board includes a review of the performance in addressing the Group's sustainability risks and opportunities. Based on the results of the Directors' Performance Evaluation for 2024, it was concluded that:</p> <p>(a) The Board takes sustainability considerations into account when deliberating the development and implementation of company strategies, business plans, and risk management; and</p> <p>(b) The Board consistently satisfies itself that the Management has established clear sustainability responsibilities for the Group's main operations.</p> <p>The SWG comprises Key Senior Management, but their individual performance in addressing material sustainability risks and opportunities is not currently included in their performance evaluations or linked to their remuneration. The Management aims to incorporate this aspect into future performance evaluations.</p> <p><u>Alternative practice:</u></p> <p>To ensure that key senior management addresses sustainability risks and opportunities, even without incorporating sustainability aspects into their performance evaluations, the Group implements the following practices:</p> <ul style="list-style-type: none"><li>• All sustainability-related operational performance and issues are deliberated in the Group Leadership and Quarterly Business meetings.</li><li>• Regular monitoring of several sustainability issues, such as workplace safety and environmental conservation, is conducted through the Group's ERM framework.</li><li>• Key senior management members attend relevant sustainability training to enhance their understanding of managing sustainability risks and opportunities</li><li>• Certain sustainability-related key performance indicators (KPIs) are tracked and reviewed on a quarterly basis.</li></ul>



	<ul style="list-style-type: none"> <li>Specific senior management members are assigned responsibility to lead sustainability initiatives or oversee related areas (e.g., environmental impact, social responsibility).</li> </ul>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	<div>Choose an item.</div> <div></div>

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	<p>The SWG is led by the Managing Director and comprises Key Senior Management and various department heads.</p> <p>The roles of the SWG include:</p> <ul style="list-style-type: none"><li>• Identifying, evaluating, monitoring and managing sustainability-related risks and opportunities;</li><li>• establishing sustainability strategies and policies for their own division; and</li><li>• setting suitable metrics and targets for key sustainability issues.</li></ul> <p>The SWG is responsible for day-to-day implementation of sustainability activities and initiatives. These leaders guide their respective teams in working towards achieving sustainability targets and are tasked with collecting and reporting key performance data. The SWG reports on sustainability strategies and performance to the ARMC on a quarterly basis, which in turn reports to the Board.</p>
<b>Explanation on adoption of the practice</b>	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Based on the annual review of the Board's composition conducted by the NC, the Board is satisfied that the current size and composition reflect an appropriate balance of Executive and Non-Executive Directors, which is adequate for the size, scope and nature of the Group's business and operations. The Board comprises individuals with diverse expertise, skills and well-rounded experience in different fields relevant to overseeing the Group's business.</p> <p>The NC also assessed the performance of the Directors who are subject to retirement by rotation at the Company's forthcoming Annual General Meeting ("AGM"), namely Ms Kam Foong Sim and Mr Ng Chee Kiet. Following a satisfactory assessment by the NC on their fit and proper criteria, performance during the financial year, experience and ability to continue contributing, the Board had recommended their re-election as Directors for shareholders' approval at the upcoming AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied																					
<b>Explanation on application of the practice</b>	:	<p>The Board consists of six (6) members, including the Executive Chairman, the Managing Director, one (1) Executive Director and three (3) Independent Non-Executive Directors, as follows:</p> <table><tr><th></th><th><b>Director</b></th><th><b>Position</b></th></tr><tr><td>1.</td><td>Kam Foong Keng</td><td>Executive Chairman</td></tr><tr><td>2.</td><td>Chin Jit Sin</td><td>Managing Director</td></tr><tr><td>3.</td><td>Kam Foong Sim</td><td>Executive Director</td></tr><tr><td>4.</td><td>Chia Swee Yuen</td><td>Independent Non-Executive Director</td></tr><tr><td>5.</td><td>Oei Kok Eong</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>6.</td><td>Ng Chee Kiet</td><td>Independent Non-Executive Director</td></tr></table> <p>The Board is composed of an equal number of Executive Directors and Non-Executive Directors. The Executive Directors, including the Chairman, do not hold a majority vote, and the Chairman does not possess a casting vote in the event of an equality of votes. This composition of the Board is structured as such to prevent any individual or group of individuals from exerting undue influence over the Board's decision-making process.</p> <p>The Independent Non-Executive Directors are independent of the Management and major shareholders, and free from any business, relationship or circumstance that could materially interfere with their ability to exercise independent judgment or act in the best interest of the Company. The Independent Directors are expected to exercise their oversight responsibilities in the decision-making processes of the Board independently and objectively. They act as a safeguard against the concentration of power and serve to protect the minority shareholders' interests.</p> <p>The independence status of the Independent Non-Executive Directors is assessed annually by the NC. In addition, all Independent Non-Executive Directors have provided an annual written confirmation of their independence pursuant to the Listing Requirements of Bursa Securities. Based on the results of the assessment carried out and disclosures made during the financial year, the Board was satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors.</p>		<b>Director</b>	<b>Position</b>	1.	Kam Foong Keng	Executive Chairman	2.	Chin Jit Sin	Managing Director	3.	Kam Foong Sim	Executive Director	4.	Chia Swee Yuen	Independent Non-Executive Director	5.	Oei Kok Eong	Senior Independent Non-Executive Director	6.	Ng Chee Kiet	Independent Non-Executive Director
	<b>Director</b>	<b>Position</b>																					
1.	Kam Foong Keng	Executive Chairman																					
2.	Chin Jit Sin	Managing Director																					
3.	Kam Foong Sim	Executive Director																					
4.	Chia Swee Yuen	Independent Non-Executive Director																					
5.	Oei Kok Eong	Senior Independent Non-Executive Director																					
6.	Ng Chee Kiet	Independent Non-Executive Director																					

<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	The Company currently has no Independent Director whose tenure exceeds a cumulative term limit of nine (9) years. The Group had adopted a policy limiting the maximum tenure of an Independent Director to nine (9) years, with no further extensions allowed.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b> :	Adopted
<b>Explanation on adoption of the practice</b> :	The Group has adopted a policy that limits the maximum tenure of an Independent Director to nine (9) years, with no extensions permitted. This policy has been formalised in the Company's Board Charter.

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted the Directors' Recruitment and Fit and Proper Policy to serves as a reference for the NC and the Board in evaluating potential candidates for directorship and Directors seeking re-election. This Policy sets out the fit and proper criteria for the appointment and re-election of Directors onto the Board of the Company and the Group.</p> <p>In selecting candidates for appointment to the Board and Key Senior Management positions, the NC undertakes a thorough review of the candidates' qualifications, skills, industry knowledge, expertise, experience, and personal attributes, as well as their ability to devote sufficient time and attention to fulfil their responsibilities.</p> <p>Apart from attending all Board and Board Committees meetings, each Director is expected to be present at all shareholder meetings, major company events and continuing training programmes. The NC will also consider the nature of the potential Director's existing positions, directorships, commitments or relationships within or outside the Company and the impact that each may have on his or her ability to exercise independent judgment and act in the best interest of the Company.</p> <p>In the case of candidates for the position of Independent Non-Executive Directors, the NC also assesses their ability to fulfil the responsibilities and functions expected of them. Additionally, they must meet the independence criteria set out in the Listing Requirements of Bursa Securities.</p> <p>Directors are required to disclose the nature and scope of their appointments on other Boards, as well as their direct or indirect interests in the Group and any potential conflict of interest with the Group. Directors are expected to notify the Chairman at least one (1) week before accepting any other external directorship, whether in listed or non-listed companies. This is to ensure that holding multiple directorships does not impair their ability to serve on the Board effectively and independently.</p>



The current composition of the Board consists of members with diverse expertise, skills and well-rounded experience in different fields relevant to overseeing the Group's business. The areas of expertise, skills and experience of each Board member are as follows:

	KFK	CJS	KFS	NCK	CSY	OKE
<b>Industry knowledge/ experience</b>						
Industry experience	•	•	•			•
Knowledge of sector	•	•	•			•
Global/ Regional exposure	•	•				•
Understanding of legal and regulatory requirements	•	•	•	•	•	
CEO/ Senior management experience	•	•	•	•	•	•
<b>Background</b>						
Strategy development	•	•	•	•	•	•
General business and economics	•	•	•	•	•	•
Law	•	•	•		•	
Corporate governance	•	•	•	•	•	•
Risk management	•	•	•	•	•	•
Accounting and finance	•	•	•	•	•	•
Human resource or talent management	•	•	•		•	•
Sales and marketing	•	•	•		•	•
Information technology or digital strategy	•	•	•		•	
Product and quality assurance	•	•	•			•
Sustainability/ Environmental, Social & Governance ("ESG")	•	•	•	•	•	

Notes:

*KFK - Kam Foong Keng*

*CJS - Chin Jit Sin*

*KFS - Kam Foong Sim*

*NCK - Ng Chee Kiet*

*CSY - Chia Swee Yuen*

*OKE - Oei Kok Eong*

The details of the Board members' experience and expertise are set out in the Directors' Profile of the Annual Report 2024.

The Chairman and the Managing Director are jointly responsible for the identification and development of Key Senior Management personnel, as well as reviewing their succession plan from time to time. The process involves searching for suitable candidates internally within the Group or

externally through avenues such as public advertisements, direct approaches or recruitment agencies. The candidates are assessed based on their skills, knowledge, expertise and experience, compatibility with the Group’s core values and their capability to meet the Group’s Leadership and Management Expectations. Once a suitable candidate is identified, the recommendation is forwarded to the NC, who will review and subsequently recommend the candidate to the Board for final approval.

As at 31 December 2024, the Key Senior Management members of the Group comprise:

(a) the Chief Strategy Officer;  
(b) the Chief Operating Officer; and  
(c) the Director of Manufacturing.

The Key Senior Management team is composed of individuals with suitable qualifications, skills, attributes and well-rounded experience in their respective fields pertinent to the effective management of the Group’s day-to-day operations.

The profiles of the Key Senior Management personnel are set out in the Key Senior Management’s Profile of the Annual Report 2024.

The diversity composition of the Board and Key Senior Management with regard to their gender, age, ethnicity and nationality is as follows:

	Board	Key Senior Management
<b>Gender</b>		
Male	4	3
Female	2	0
<b>Age Group</b>		
30 - 39 years	0	1
50 - 59 years	1	2
60 years and above	5	0
<b>Ethnicity</b>		
Chinese	6	3
<b>Nationality</b>		
Malaysian	6	3

<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NC is responsible for assessing potential candidates based on established recruitment criteria, including qualifications, skills, industry knowledge, expertise, experience and personal attributes. The Committee has the responsibility to ensure that the Board comprises suitably qualified members who possess appropriate qualities and experience that may contribute to the Board's effective oversight and stewardship.</p> <p>Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the NC. Suggestions for potential candidates may come from existing Board members, shareholders, senior management or external sources such as recruitment firms or industry associations.</p> <p>There is no new Director appointed during the financial year under review.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Ms Kam Foong Sim ("Ms Kam") and Mr Ng Chee Kiet ("Mr Ng") are subject to retirement by rotation pursuant to Article 101 of the Constitution of the Company and are eligible for re-election at the forthcoming AGM.</p> <p>Both Directors had expressed their consent to continue serving on the Board. Following a satisfactory assessment by the NC based on their fit and proper criteria, performance during the financial year, experience, and ability to continue contributing, the Board recommended the re-election of Ms Kam and Mr Ng as Directors of the Company for shareholders' approval at the forthcoming 28th AGM.</p> <p>The full profiles of Ms Kam and Mr Ng are set out in the Directors' Profile of the Annual Report 2024.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC consists exclusively three (3) Independent Non-Executive Directors and is chaired by the Senior Independent Non-Executive Director.</p> <p>The composition of the NC is as follows:</p> <ul style="list-style-type: none"> <li>(a) Mr Oei Kok Eong - Chairman (Senior Independent Non-Executive Director)</li> <li>(b) Mr Chia Swee Yuen (Independent Non-Executive Director)</li> <li>(c) Mr Ng Chee Kiet (Independent Non-Executive Director)</li> </ul> <p>Mr Oei Kok Eong possesses relevant experience in human resources, having held various leadership roles. This expertise will be valuable in guiding the NC in fulfilling its responsibilities effectively.</p> <p>The NC was established to provide advice and support to the Board in matters relating to the appointment of new Directors and Key Senior Management personnel, board composition, Directors' training programme, succession planning for the Board and Key Senior Management, as well as performance evaluation on the effectiveness of the Board, Board Committees, individual Directors and Key Senior Management. Full details of the NC's duties and responsibilities are stated in its Terms of Reference which is accessible for reference on the Company's website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.9**

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	The Board currently comprises two (2) female Directors, representing 33% of the Board, namely Madam Kam Foong Keng and Ms Kam Foong Sim. The Company’s commitment to maintain at least one-third (1/3) of women Directors on the Board is set out in the Company’s Board Charter.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied								
Explanation on application of the practice	:	<p>The Board acknowledges the importance of gender diversity as an important element contributing to its effective functioning. As such, the Board periodically reviews the criteria to be used in the recruitment and screening process of prospective Directors that take into account not only the experience, skills and competencies but also the diversity of the Board. As stated in the Company’s Board Charter, the Board aims to maintain at least one-third (1/3) of women Directors on the Board.</p> <p>There is no female representation in Key Senior Management in 2024. However, a new female Finance Director has been appointed to join the Key Senior Management team in 2025, representing 25% of the senior management team. This appointment demonstrated the Board’s ongoing commitment to gender diversity and its efforts to increase the representation of women at the Group’s senior management level.</p> <p>At other levels within the organisation, the Group is committed to providing all employees with fair and equal employment opportunities, ensuring that career progression and pay equity are based on individuals’ ability, potential and merit. Promotions, compensation and professional development decisions are made without bias. These practices ensure that all employees, regardless of gender, have the opportunity to thrive, succeed and reach their full potential.</p> <p>As at 31 December 2024, the ratios of women employed by the Group at different levels are as follows:</p> <table><tr><td>At Board level</td><td>33%</td></tr><tr><td>As Senior Executives</td><td>40%</td></tr><tr><td>As Departmental Managers</td><td>53%</td></tr><tr><td>Overall organisation</td><td>22%</td></tr></table>	At Board level	33%	As Senior Executives	40%	As Departmental Managers	53%	Overall organisation	22%
At Board level	33%									
As Senior Executives	40%									
As Departmental Managers	53%									
Overall organisation	22%									
Explanation for departure	:									
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.										
Measure	:									



<b>Timeframe</b>	:		
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### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	:  During the financial year, the Board through the NC, performed the following assessments in order to verify that the Board, Board Committees and individual Directors are performing effectively and functioning appropriately as a whole:  (a) <u>Self- and Peer-Performance Evaluation</u>  The evaluation consists of three (3) main sections:  (i) Director's Self- and Peer-Assessment; (ii) Evaluation of Board and Board Committee Effectiveness; and (iii) Independence Assessment and Disclosure  Each Director completed a detailed questionnaire covering topics relevant to their individual performance on the Board, such as contribution to interactions, quality of input, understanding of roles, personal disclosure and developments, as well as on the effectiveness of the Chairman of the Board. The assessment also included a self-assessment of their current knowledge, skills and experience. The skills matrix drawn up from this assessment is presented in Practice 5.5 of this Corporate Governance Report, offering insights into potential skills or competency gaps within the Board. While all Directors possess the essential skills and knowledge required for their positions, it was noted that there are areas where further development could enhance their overall effectiveness. Specifically, the Directors may benefit from gaining additional exposure and knowledge in four (4) areas, namely law, accounting and finance, information technology, and environmental, social, and governance.  Additionally, the NC also reviewed the Directors' fit and proper declarations for 2024 made by each Director and concluded that all of them are fit and proper to carry out their roles. Simultaneously,

	<p>the NC evaluated the Board and each Board Committee, assessing elements such as structure, interaction, members' development, meeting procedures, roles and responsibilities, and performance of the respective chairman.</p> <p>The NC also conducted an evaluation of the independence of all the Independent Non-Executive Directors. Each Independent Director completed an independence assessment to verify their adherence to the required independence and other necessary criteria. Each of them had provided an annual written confirmation of their independence pursuant to the Listing Requirements of Bursa Securities. When assessing independence, the NC assesses the Independent Director's relationships and dealings with the Company or the Group and considers whether the Independent Director can continue contributing independent and objective judgment in the Board's deliberations.</p> <p>(b) <u>Evaluation of the ARMC</u></p> <p>The NC had reviewed and evaluated the effectiveness of the ARMC and each of its members through evaluation forms completed by each ARMC and NC member. The ARMC was assessed based on several aspects including composition, skills, competencies, as well as meeting administration and conduct. For ARMC members, the evaluation covered aspects such as quality of contribution, skills, competencies (including financial literacy), personal development and understanding of the Group's financial risks. In addition, the Chairman of the ARMC had completed a checklist to assess whether the ARMC and its members had carried out their duties in accordance with the ARMC's Terms of Reference.</p> <p>The above assessments were facilitated internally, with the results collated and submitted to the NC, which subsequently reviewed, reported and made recommendations to the Board.</p> <p>Based on the assessment carried out during the financial year, the NC had concluded the following:</p> <ul style="list-style-type: none"> <li>(i) The Board, as a whole, was proven to be effective in various aspects, including its size and structure, interactions among members, development opportunities, meeting procedures, and overall roles and responsibilities.</li> <li>(ii) The individual Directors possess the essential skills and knowledge required for their positions and all of them are fit and proper to carry out their roles as Directors.</li> <li>(iii) The Board Committees and their members had contributed positively to the Company. The respective Chairmen demonstrated strong leadership and oversight in their areas.</li> <li>(iv) The Board Chairman had performed effectively and contributed positively to the Board.</li> </ul>
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	<p>The Board also concluded that each of the Independent Directors had complied with the independence criteria as set out in the Listing Requirements of Bursa Securities and was satisfied with the level of independence demonstrated by each of them. The Board was of the view that all of the Independent Directors bring the necessary expertise to the Board and are able to act in the best interests of the Company.</p> <p>The Board is satisfied with the current composition of the ARMC and believes that the Committee and its members had discharged their duties and carried out their duties effectively in accordance with the ARMC’s Terms of Reference.</p> <p>(c) <u>Re-election of Directors</u></p> <p>During the financial year, the NC had assessed the Directors who are subject to retirement by rotation pursuant to Article 101 of the Constitution of the Company at the forthcoming 28th AGM, namely Ms Kam Foong Sim (“Ms Kam”) and Mr Ng Chee Kiet (“Mr Ng”). Following a satisfactory assessment by the NC based on their fit and proper criteria, performance during the financial year, experience and ability to continue contributing, the Board thereby recommended them for re-election as Directors of the Company.</p> <p>(d) <u>Position of Senior Independent Non-Executive Director</u></p> <p>Based on the recommendation of the NC, the Board retained Mr Oei Kok Eong (“Mr Oei”) as the Company’s Senior Independent Non-Executive Director. Mr Oei serves as the focal point through whom shareholders’ and stakeholders’ concerns may be conveyed.</p>	
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, through the RC, has established a Remuneration Policy with the objective of guiding the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and in Key Senior Management roles.</p> <p>The Remuneration Policy is subject to annual review and is accessible for reference on the Company's website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a>.</p> <p>The RC conducts an annual review and recommends to the Board regarding the remuneration packages for Directors and Key Senior Management. The remuneration framework for the Directors and Key Senior Management is designed to align rewards with individual and overall Group's performances, ensuring adequate compensation for the inherent risks and complexities of their roles. The RC also considers market competitiveness by obtaining data on similar roles at other comparable companies for comparison, whether in size or industry. The remuneration is aligned with market terms, taking into consideration the individual's experience, performance, responsibility, as well as the Group's overall performance.</p> <p>The RC also reviews the proposed bonuses for the Executive Directors and Key Senior Management personnel, taking into account the achievement of their key performance indicator targets, demonstration of the Group's core values and their ability to meet the Leadership and Management Expectations.</p> <p>During the financial year, the RC recommended an adjustment to the Non-Executive Directors' fees, considering their duties and time commitment. The Board approved the recommendation, as the amount falls within the threshold approved by shareholders at the 27th AGM held in 2024.</p>

	The Directors' fees and benefits are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from discussions and decisions about their own remuneration packages.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC consists of three (3) members, all of whom are Independent Non-Executive Directors, as follows:</p> <ul style="list-style-type: none"><li>(a) Mr Chia Swee Yuen - Chairman (Independent Non-Executive Director)</li><li>(b) Mr Oei Kok Eong (Senior Independent Non-Executive Director)</li><li>(c) Mr Ng Chee Kiet (Independent Non-Executive Director)</li></ul> <p>The RC was established to assist the Board in developing policies and procedures on the remuneration of the Directors and Key Senior Management personnel.</p> <p>The RC is governed by its own Terms of Reference, which set out its composition, rights, functions and duties of the Committee. The Terms of Reference of the RC is accessible for reference on the Company's website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a>.</p> <p>During the financial year, the RC reviewed and assessed the remuneration package of the Executive Directors and Key Senior Management personnel, the Directors' fees and benefits payable, as well as reviewed and updated its Terms of Reference and the Remuneration Policy. The Managing Director was invited to attend the RC meeting to provide insights into the Group's and Key Senior Management's performance, and to make proposals on their remuneration. The RC subsequently reported to the Board all key issues discussed after the meeting.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Please refer to the table below for the details of the remuneration of the individual Directors for the financial year.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	KAM FOONG KENG	Executive Director	Input info here	Input info here	829,800	180,000	Input info here	Input info here	1,009,800	50,000	Input info here	857,530	182,224	48,568	Input info here	1,138,322
2	CHIN JIT SIN	Executive Director	Input info here	Input info here	802,140	174,000	Input info here	Input info here	976,140	50,000	Input info here	802,140	174,000	22,385	Input info here	1,048,525
3	KAM FOONG SIM	Executive Director	Input info here	Input info here	274,000	40,000	Input info here	Input info here	314,000	6,000	Input info here	274,000	40,000	7,630	Input info here	327,630
4	NG CHEE KIET	Independent Director	72,000	18,000	Input info here	Input info here	Input info here	Input info here	90,000	72,000	18,000	Input info here	Input info here	Input info here	Input info here	90,000
5	CHIA SWEE YUEN	Independent Director	72,000	11,000	Input info here	Input info here	Input info here	Input info here	83,000	72,000	11,000	Input info here	Input info here	Input info here	Input info here	83,000
6	OEI KOK EONG	Independent Director	72,000	11,000	Input info here	Input info here	Input info here	Input info here	83,000	72,000	11,000	Input info here	Input info here	Input info here	Input info here	83,000
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The disclosure of the remuneration of Key Senior Management on a named basis and in bands of RM50,000 is not provided at this juncture. The Board believes that detailed disclosure of individual Key Senior Management's remuneration could present challenges in retaining talents within the Group.</p> <p><u>Alternative practice:</u></p> <p>The remuneration paid to Key Senior Management personnel is based on individual performance, responsibilities, the Group's overall performance and prevailing market rates. The Board, through the RC, conducts an annual review of the remuneration package for Key Senior Management and is satisfied that the current rate is appropriate to attract, motivate and retain these individuals. In its evaluation, the RC is guided by the principles set out in the Remuneration Policy and considers remuneration practices, trends and conditions of service in comparable organisations or industries. The Remuneration Policy is accessible for reference on the Company's website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a>.</p> <p>The total remuneration for Key Senior Management personnel for the financial year was RM1,599,550 (2023: RM1,750,531), which includes benefits-in-kind amounting to RM58,750 (2023: RM13,371).</p> <p>The Company will reassess the appropriateness of such disclosures in the future.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The ARMC’s Chairman, Mr Ng Chee Kiet, is not the Chairman of the Board.</p> <p>The deliberate separation of roles between the Chairman of the Board and the Chairman of the ARMC ensures a balanced and independent review process, prevents a concentration of power, and upholds objectivity in the Board’s review of the ARMC’s findings and recommendations. The Chairman of the ARMC chairs all ARMC meetings and reports on the key issues discussed and the Committee’s recommendations to the Board after each meeting.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The ARMC’s Terms of Reference contains a clause requiring a minimum cooling-off period of three (3) years before a former key audit partner can be appointed to the ARMC.</p> <p>None of the current ARMC members are former key audit partners of the Group.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied																									
Explanation on application of the practice	:	<p>The ARMC is responsible for reviewing and recommending to the Board the appointment, re-appointment or removal of the External Auditors, as well as determining the terms of their appointment and the appropriate audit fees.</p> <p>The ARMC conducts an annual assessment of the performance and effectiveness of the External Auditors, through a Performance and Independence Checklist. This checklist encompasses various assessment criteria such as independence and objectivity, the effectiveness of the audit process, the quality of service, audit fees and the provision of non-audit services.</p> <p>To ensure the independence and objectivity of the External Auditors, the ARMC’s Terms of Reference sets out the nature of permissible non-audit services that can be provided by the External Auditors or its affiliates.</p> <p>During the financial year, the Group had engaged BDO for a non-statutory audit service, namely a review of the Statement on Risk Management and Internal Control. The Group had also engaged the External Auditors’ associate company for tax compliance services.</p> <p>The total audit and non-audit fees incurred for the service rendered by the External Auditors and their associate company to the Company and the Group are as follows:</p> <table><tr><td></td><td colspan="2">Group</td><td colspan="2">Company</td></tr><tr><td></td><td>FY2024 (RM)</td><td>FY2023 (RM)</td><td>FY2024 (RM)</td><td>FY2023 (RM)</td></tr><tr><td>Statutory and non-statutory audit fees</td><td>220,772</td><td>200,171</td><td>40,000</td><td>36,000</td></tr><tr><td>Non-audit fees</td><td>47,787</td><td>45,346</td><td>7,450</td><td>7,000</td></tr><tr><td>Total</td><td>268,559</td><td>245,517</td><td>47,450</td><td>43,000</td></tr></table>		Group		Company			FY2024 (RM)	FY2023 (RM)	FY2024 (RM)	FY2023 (RM)	Statutory and non-statutory audit fees	220,772	200,171	40,000	36,000	Non-audit fees	47,787	45,346	7,450	7,000	Total	268,559	245,517	47,450	43,000
	Group		Company																								
	FY2024 (RM)	FY2023 (RM)	FY2024 (RM)	FY2023 (RM)																							
Statutory and non-statutory audit fees	220,772	200,171	40,000	36,000																							
Non-audit fees	47,787	45,346	7,450	7,000																							
Total	268,559	245,517	47,450	43,000																							

	<p>The ARMC believes that these non-audit services did not compromise the BDO's independence, as the fees paid were not significant and appropriate safeguards were implemented to address any potential threats to their independence arising from the provision of such services. As an additional measure, the ARMC obtains written assurance from BDO confirming their professional independence.</p> <p>Upon the recommendation of the ARMC, the Board is satisfied with the independence and competence of the External Auditors throughout their audit engagement. Consequently, the Board recommends BDO's re-appointment for shareholders' approval at the forthcoming 28th AGM.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The ARMC comprises exclusively of Independent Non-Executive Directors.</p> <p>The composition of the ARMC is as follows:</p> <ul style="list-style-type: none"><li>(a) Mr Ng Chee Kiet - Chairman (Independent Non-Executive Director)</li><li>(b) Mr Chia Swee Yuen (Independent Non-Executive Director)</li><li>(c) Mr Oei Kok Eong (Senior Independent Non-Executive Director)</li></ul>

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC consists of three (3) members, all of whom are Independent Non-Executive Directors. All members of the ARMC are financially literate, competent, possess relevant experience and extensive business acumen, which is vital to support the ARMC in the effective discharge of its functions and duties:</p> <p>(a) Mr Ng Chee Kiet (Chairman)</p> <p>Mr Ng graduated with a Bachelor of Economics (Accounting) from Monash University, Australia, and he is a member of the Malaysian Institute of Accountants ("MIA"). He has over 30 years of working experience in tax consultancy, finance and accounts, corporate finance, investment banking, corporate strategy in investment banks, as well as public listed companies.</p> <p>(b) Mr Chia Swee Yuen</p> <p>Mr Chia graduated with a Bachelor of Accounting from the University of Malaya and he is a member of MIA and an Associate Fellow of the Asian Institute of Chartered Bankers (AICB). Mr Chia has more than 35 years of working experience in the finance and banking sectors.</p> <p>(c) Mr Oei Kok Eong</p> <p>Mr Oei graduated with a Bachelor Degree in Mechanical Engineering from the University of Singapore and has more than 40 years of experience in manufacturing and production operations, particularly in the automotive components industry.</p> <p>He has sound financial acumen and is able to read, analyse and interpret financial information, building on his vast experience serving in various top-level positions.</p>

	<p>The full profiles of all ARMC members are set out in the Directors' Profile of the Annual Report 2024.</p> <p>During the financial year, all ARMC members had attended relevant training programmes to keep themselves abreast of the latest developments in law, regulations and business practices, as well as current and emerging issues that may enhance the fulfilment of their roles and responsibilities. The list of training programmes attended by the ARMC members is disclosed in the Corporate Governance Overview Statement of the Annual Report 2024.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for maintaining a robust and effective framework for risk management and internal control to safeguard shareholders' investments and the Group's assets, as well as to review the adequacy and effectiveness of these systems to support the Group in achieving its business objectives and goals.</p> <p>The ARMC assists the Board in carrying out its oversight duties, which include reviewing internal control systems in general and assessing the adequacy and effectiveness of the Group's governance, risk management and internal control practices.</p> <p>The Management supports the Board and the ARMC in implementing processes for identifying, evaluating, monitoring and reporting strategic, financial and operational risks. This includes ensuring that appropriate corrective actions are taken and providing reasonable assurance to the Board that risk management and internal control practices are being implemented and adhered to across the Group.</p> <p>The Internal Auditors help assess the effectiveness of the Group's governance, risk management and internal control systems. The Internal Auditors report directly to the ARMC and provide the ARMC with an independent and objective assurance that the state of internal controls and systems implemented by the Group is adequate in managing key financial, operational and compliance risks. The Internal Auditors report on findings from each review, provide recommendations to address identified issues, report on Management's responses, and monitor the implementation of agreed-upon action plans. The ARMC subsequently reports to the Board.</p> <p>The detailed overview of the Group's risk management and internal control framework are presented in the Statement on Risk Management and Internal Control of the Annual Report 2024.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		




## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Group adopted the ERM framework to systematically identify, assess, mitigate and monitor existing and potential risks that are critical to its strategic targets and business plans. The framework is guided by ISO 31000 and encompasses all key business areas, such as strategic, financial and operational, as well as compliance with applicable laws, regulations, rules and guidelines.</p> <p>The Group's risk management reporting process is summarised below:</p>  <pre>graph LR; A["<b>Process Owners</b> Identify risks, plan and implement control measures"] --&gt; B["<b>Risk Owners</b> Evaluate control adequacy &amp; report significant risk"]; B --&gt; C["<b>Managing Director</b> Review risk &amp; provide support"]; C --&gt; D["<b>Audit &amp; Risk Management Committee</b> Monitor risk framework &amp; provide directions on significant risk"]; D --&gt; E["<b>Board</b> Acknowledge &amp; receive assurance from Management"]</pre> <p>Internal control activities, including those of a financial, operational and compliance nature that are embedded across the Group's operating activities include, among others:</p> <ul style="list-style-type: none"><li>• Standard Operating Procedures</li><li>• Financial Reporting</li><li>• Information and Communication Systems</li><li>• Strategic Business Planning</li><li>• Business Continuity Plan</li><li>• Organisational Structure</li><li>• Shared Core Values</li><li>• Conducts and ethics</li><li>• Workplace Safety and Health</li><li>• Various corporate policies</li></ul> <p>The Board has appraised the adequacy, effectiveness and integrity of the risk management and internal control systems of the Group that had been in place during the financial year. The Board had also received assurances from the Managing Director and Executive Director that the Group's risk management and internal control systems had been operating adequately and effectively in all material aspects throughout the financial</p>

	<p>year under review. Accordingly, the Board is of the view that the current risk management and internal control systems of the Group are operating adequately and effectively to support the achievement of its business objectives.</p> <p>The features of the Group’s risk management and internal control systems are presented in the Statement on Risk Management and Internal Control of the Annual Report 2024.</p>	
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The ARMC oversees the Group's risk management framework and policies. The ARMC comprises three (3) Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established an independent internal audit function that reports directly to the ARMC. The internal audit function of the Group is performed by Wensen Consulting Asia (M) Sdn. Bhd. ("Wensen" or "Internal Auditors"), an independent outsourced service provider.</p> <p>The ARMC is responsible for making recommendations on the appointment, re-appointment or removal of the Internal Auditors. Annually, the ARMC assessed the performance of the Internal Auditors through a formal evaluation form to assess their independence as well as the effectiveness of the internal audit function in terms of the competency and performance of the internal audit team, the adequacy of audit practices, and their audit fees.</p> <p>Based on the assessments carried out in 2024, the ARMC was satisfied that Wensen had discharged their duties and responsibilities effectively. The ARMC concluded that the internal audit function was effective, with the Internal Auditors consistently demonstrating competence and independence throughout their engagements.</p> <p>Details about the scope of work undertaken by the Internal Auditors during the financial year and a summary of the activities carried out, including observations and findings, are presented in the Audit and Risk Management Committee Report of the Annual Report 2024.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function in 2024 was performed by Wensen, an independent outsourced service provider.</p> <p>Mr Edward Yap, the Partner and Executive Director of Wensen, is a Practising Member of the Institute of Singapore Chartered Accountants (ISCA), a member of MIA, a Fellow Member of the Association of Chartered Certified Accountants (ACCA) of the United Kingdom and a Chartered Member of the Institute of Internal Auditors Malaysia (IIAM). He is supported by Mr Shawn Lee, the Engagement Director, who has over 12 years of experience in conducting and leading internal audit reviews for both public and private companies or organisations.</p> <p>The engagement team is supported by a team of four (4) personnel for each audit assignment. None of the engagement members have any relationship or conflict of interest with the Group, which could impair their objectivity and independence.</p> <p>Their audits were conducted in accordance with the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA) and other internationally recognised frameworks for internal controls and risk management. Wensen's audit methodology encompasses the Internal Control and ERM Frameworks of The Committee of Sponsoring Organisations of the Treadway Commission ("COSO"). The frameworks established by COSO form the basis of Wensen's strategic and risk-based methodology and approach for evaluating the effectiveness of internal controls and risk management practices of the Group.</p> <p>The Internal Auditors report directly to the ARMC and provide the Committee with an independent and objective assurance that the internal controls and systems implemented by the Group are adequate, relevant and operational in managing key financial, operational and compliance risks.</p> <p>The ARMC assessed the Internal Auditors' performance, considering factors such as overall effectiveness of the audit, their independence</p>

	and audit fees. Based on the assessment carried out during the financial year, the ARMC was of the opinion that the internal audit function was effective and the Internal Auditors had consistently demonstrated competence and independence throughout their engagements.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is committed to providing timely, accurate and complete information about both the Company and the Group to its shareholders, stakeholders and the general public. The Company also strives to enhancing shareholders' understanding and facilitating informed investment decisions through various investor relations activities.</p> <p>The Company communicates with its shareholders through the following channels:</p> <ul style="list-style-type: none"><li>(a) General meetings, including AGMs and extraordinary general meetings (EGMs);</li><li>(b) The Annual Report, which contains information such as the Management Discussion and Analysis, financial statements, information on the ARMC, corporate governance, sustainability, and risk management and internal control;</li><li>(c) Various announcements to Bursa Securities, including timely release of quarterly financial results, which are also posted on the Company's website and released to major newspapers and media outlets;</li><li>(d) Meetings with financial analysts and fund managers representing individual and institutional shareholders;</li><li>(e) Attending to shareholders' and investors' inquiries via emails and telephone; and</li><li>(f) The Company's website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a> under the Investor Relations section, where shareholders can access the Board Charter, annual reports, quarterly report announcements, press releases, slide presentations during analyst briefings, analyst coverages and other corporate information. The website also provides contacts details for shareholders to direct questions or concerns and shareholders may convey their concerns to the Senior Independent Non-Executive Director, Mr Oei Kok Eong. During the financial year, there were no queries from the shareholders directed to him.</li></ul> <p>An overview of the engagement activities with the Group's other key stakeholders is presented in the Sustainability Statement of the Annual Report 2024.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>The notice of AGM is circulated to shareholders at least 28 days before the meeting. This timeframe is established to maximise shareholders’ attendance and allow sufficient time for them to consider the agendas.</p> <p>The notice of the previous 27th AGM held on 6 June 2024 was issued more than 28 days before the meeting, i.e., on 30 April 2024.</p> <p>Concurrently, the notice also released to Bursa Securities, posted on the Company’s website, and advertised in the New Straits Times newspaper.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>The previous 27th AGM of the Company held on 6 June 2024 was conducted as a fully virtual AGM. All Board members and the Chairmen of the Board Committees were present online at the meeting to address queries raised by the shareholders on the Board and Committees’ activities as well as matters that were relevant to their areas of responsibility.</p> <p>A senior management personnel and the Engaging Partner of the External Auditors were also virtually present at the meeting.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The previous 27th AGM was conducted as a fully virtual AGM through live streaming and online remote voting to enable shareholders to participate in the AGM without physically being present at the meeting venue.</p> <p>At the AGM, the Company conducted a remote poll voting for each resolution tabled. With the poll vote, each shareholder is entitled to one vote per share. The Company has appointed Tricor Investor &amp; Issuing House Services Sdn. Bhd. ("Tricor") as the Poll Administrator to conduct the poll voting electronically (e-voting) via Tricor's e-Vote application. To ensure accuracy of the counting of votes, an independent scrutineer, Scrutineer Solutions Sdn. Bhd., was appointed to validate the votes cast at the meeting. In order to ensure a smooth voting process, the shareholders were briefed on the polling procedure prior to the start of the poll voting. The outcome of the meeting, including the total number of votes cast for or against each resolution was announced to the shareholders after the voting process. This information was announced to Bursa Securities on the same day, which is also accessible on the Company's website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a>.</p> <p>To ensure data privacy and security and prevent cyber threats at the virtual AGM, the Company employed the following security measures:</p> <p>(a) In order to protect the privacy and confidentiality of the shareholders who participated in the AGM, the Company processed the shareholders' personal data in accordance with the requirements of the Malaysian Personal Data Protection Act.</p> <p>(b) In order to prevent unauthorised access, shareholders must register as Tricor's TIIH Online users before they can join the AGM. They need to provide their identification card and email address for the registration. Upon verification and approval, the shareholders will receive a confirmation email before they can log in to the TIIH Online website. Each user will be given a user ID and password to log in.</p>

	(c) The Poll Administrator will verify all registrations received against the general meeting Record of Depositors to ensure that only eligible shareholders can participate and vote at the meeting.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AGM is the main platform for shareholders to interact directly with the Board and gain insights into the Company's business and financial position. At the 27th AGM, before the start of the meeting agenda, there was a short presentation by the Managing Director. In his presentation, he highlighted the Group's financial performance for 2023, the main challenges facing the Group, Management's responses thereto, as well as the outlook and strategy for 2024.</p> <p>The detailed procedures on remote participation access and electronic voting at the meeting were set out in the Administrative Guide for the AGM.</p> <p>The Chairman of the AGM ensured that shareholders were given ample opportunity to comment, raise issues and pose questions pertaining to the meeting agenda, the Annual Report and the Group's strategy or developments.</p> <p>Shareholders were able to submit their questions online via the TIH Online website, provided by the Poll Administrator. During the AGM proceedings, the Chairman ensured that all shareholders could exercise their rights to participate, vote and ask questions. The shareholders were given adequate time to submit their questions through query box of the virtual meeting room. The Board promptly answered all salient questions raised. All questions received from the shareholders during the meeting, together with the Board's responses thereto, are stated in the Minutes of the 27th AGM, which is available on the Company's website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a>.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

## Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 27th AGM, held on 6 June 2024, was conducted as a fully virtual AGM through live streaming and online remote voting. All participants, including the Chairman, Board members, a senior management representative, and the Engagement Partner of the External Auditors, were virtually present at the meeting. The virtual AGM allows shareholders to participate in the meeting without being physically present at the meeting venue, while still exercising their rights to vote and ask questions. During the meeting, the Chairman read all the salient questions and comments submitted by the shareholders before and during the meeting, ensuring that everyone's concerns were addressed.</p> <p>For the 27th AGM, the Company used the Remote Participation and Voting facilities provided by Tricor through its TIIH Online platform, available at <a href="https://tiih.online">https://tiih.online</a>. This platform is user-friendly and serves as a one-stop centre for shareholders to participate, submit questions via typed text, and cast votes remotely at general meetings. As it is a commonly used digital platform by security holders in Malaysia, shareholders are generally familiar with its functions. Technical support was also readily available to assist attendees with login issues, connection to the live streaming, and online poll voting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The minutes of the previous 27th AGM, held 6 June 2024 was published on the Company's website on 15 July 2024, which is within 30 business days after the meeting. The minutes contain the detailed meeting proceedings, the questions received from shareholders, the Board's responses, and the results of voting on the resolutions tabled at the meeting.</p> <p>The minutes of the 27th AGM is available on the Company's website at <a href="http://www.newhoongfatt.com.my">www.newhoongfatt.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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