



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

DIRECTORS' RECRUITMENT AND FIT AND PROPER POLICY

Current Review Date: 27 August 2025

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DIRECTORS' RECRUITMENT AND FIT AND PROPER POLICY

A. Introduction

An effective board essentially consists of directors who are engaged, committed and well-informed and who possess diverse skills and experience relevant to the business.

The Board of Directors (“the Board”) of New Hoong Fatt Holdings Berhad (“the Company”) recognises that size, composition and leadership qualities will bring about a competitive advantage that brings real value to the Board to cater for the changing needs of the Company. The criteria used in the recruitment and screening process of prospective Directors takes into account not only the experience, skills and competencies but also the diversity of the Board with the ultimate goal of improving board independence and quality.

B. Scope of Policy

This Policy outlines the criteria, formal procedure and process for identifying and evaluating potential candidates who are to be appointed as Directors of the Company and its subsidiaries (collectively “the Group”) as well as Directors who are seeking for re-appointment or re-election.

C. Objective

The objective of this Policy is to guide the Nomination Committee (“NC”) and the Board in their review and assessment of candidates for directorship. This Policy defines the “fit and proper” criteria to ensure that only high caliber individuals with the right mix of qualifications and competence are appointed to the Board of the Company and of the Group.

D. Recruitment Criteria

The NC will consider the following in the recruitment/ re-appointment/ re-election of potential Directors:

(1) the ‘fit and proper’ criteria that includes the following:

a) Character and integrity

i) Probity

- is compliant with legal obligations, regulatory requirements and professional standards
- has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court

ii) Personal integrity

- has not perpetrated or participated in any business practices which are deceitful, oppressive improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct
- service contract (i.e., in the capacity of management or director) had not been terminated in the past due to concerns on personal integrity

- has not abused other positions (i.e., political appointment) to facilitate government relations for the Company in a manner that contravenes the principles of good governance

iii) Financial integrity

- manages personal debts or financial affairs satisfactorily
- demonstrates ability to fulfil personal financial obligations as and when they fall due

iv) Reputation

- is of good repute in the financial and business community
- has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years
- has not been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management

b) Experience and competence

i) Qualifications, training and skills

- possesses education qualification that is relevant to the skill set that the Director is earmarked to bring to bear onto the boardroom (i.e., a match to the board skill set matrix)
- has a considerable understanding on the workings of a corporation
- possesses general management skills as well as understanding of corporate governance and sustainability issues
- keeps knowledge current based on continuous professional development
- possesses leadership capabilities and a high level of emotional intelligence

ii) Relevant experience and expertise

- possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities

iii) Relevant past performance or track record

- had a career of occupying a high-level position in a comparable organisation, and was accountable for driving or leading the organisation's governance, business performance or operations
- possesses commendable past performance record as gathered from the results of the board effectiveness evaluation

c) Time and commitment

i) Ability to discharge role having regard to other commitments

- able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the director across listed issuers and non-listed entities (including not-for-profit organisations)

- ii) Participation and contribution in the board or track record
 - demonstrates willingness to participate actively in board activities
 - demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom
 - manifests passion in the vocation of a director
 - exhibits ability to articulate views independently, objectively and constructively
 - exhibits open mindedness to the views of others and ability to make considered judgement after hearing the views of others

(2) In the case of candidates for the position of Independent Non-Executive Directors, the potential Directors' ability to discharge such responsibilities or functions as expected from them. They must satisfy the independence criteria as defined under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and they should not hold more than five (5) directorships in public listed companies at one time to ensure that they would be able to devote sufficient time and commitment to the Company; and

(3) the diversity requirements of the Board with regards to gender, age, tenure, cultural diversity, and international expertise where the Company has operations in foreign jurisdictions. However, there shall be no discrimination of whatsoever nature in respect of age, race or ethnicity during the selection process.

E. Board Recruitment Process

The NC has the primary responsibility for ensuring a formal and transparent procedure for the appointment of new Directors is in place.

The process for recruiting a new candidate is set out below:

- (1) Where there is a vacancy in the Board seat or a need to have additional Director on the Board, the NC will commence a search process across a diverse candidate pool.
- (2) Candidates may be proposed by the Chairman and/or Managing Director and within the bounds of practicability, by any director, shareholder or any senior management personnel. The NC may also utilise independent sources to identify suitably qualified candidates.
- (3) The potential candidates are required to complete the Prospective Director's Information and Declaration Form in the format that the Company may specify from time to time.
- (4) The potential candidates must disclose the nature and extent of their other appointments on other boards; interests, whether direct or indirect, in the Company or any of its subsidiaries; activities related to the business or operations of the Company (if any) and conflict of interest (if any).
- (5) The NC will assess and screen the information and declaration supplied by the candidates.
- (6) A discussion will be arranged with the shortlisted candidates, which may include participation from Board members or relevant stakeholders.

- (7) The NC will recommend the potential candidates to the Board.
- (8) The ultimate decision on the appointment of a new Director will be made by the Board.
- (9) Once the Board has approved the candidate and upon acceptance of the offer, the successful candidate would be appointed as Director of the Company subject to the necessary documentation and filings required under the Listing Requirements of Bursa Securities and Companies Act 2016.
- (10) Management must schedule a proper induction for the new Board member as soon as practicable.

F. Evaluation for Re-appointment/ Re-election

- (1) The NC will assess annually the Directors who are subject to re-appointment or re-election based on the criteria above and any other criteria which the NC deems appropriate before recommending them to the Board for approval.
- (2) The Directors will also be evaluated annually based on the results of the Directors' Performance Evaluation in the format that the Company may specify from time to time.

G. Review of Policy

This Policy shall be reviewed by the NC at least once in every three (3) years or as and when necessary to ensure compliance with prevailing rules, guidelines and best practices. Any amendments made to this Policy shall be subject to the approval of the Board.

This Policy is made available on the website of the Company at www.newhoongfatt.com.my.