



# HONG SENG CONSOLIDATED BERHAD

Registration No. 200101001581 (537337-M)

C-01-3, Block C, Plaza Glomac No. 6, Jalan SS 7/19, Kelana Jaya

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## 1. INTRODUCTION

The Directors' Fit and Proper Policy ("Policy") of Hong Seng Consolidated Berhad ("HSCB") or and its subsidiaries ("the Group") is to ensure a transparent and rigorous process for the appointment and/or re-election of Directors and members of its Key Senior Management of the Group.

This Policy sets out the criteria for the appointment and/or re-election of Directors or Key Senior Management of the Group and ensure compliance with the Main Market Listing Requirements ("Listing Requirement") of Bursa Malaysia Securities Berhad ("Bursa Securities").

## 2. OBJECTIVE AND SCOPE

To guide the Board of Directors ("Board") and the Nomination Committee ("NC") in their review and assessment of the potential candidates for appointment to the Board or Key Senior Management of HSCB as well as the retiring Directors who are seeking re-election at the Annual General Meeting.

This Policy aims to ensure that the Directors or Key Senior Management of the Group comply with Paragraph 2.20A of the Listing Requirement of Bursa Securities who possess the character, integrity, relevant range of skills, knowledge, experience, competency and time commitment to perform their roles and responsibilities with the highest integrity and professionalism as well as to act effectively, honestly in the best interest of the Group.

## 3. FIT AND PROPER CRITERIA

Any person to be appointed or re-appointed as a Director or Key Senior Management of the Group must not be disqualified and has been assessed to have met the fit and proper criteria based on, at minimum, the following:-

### 3.1 Character and Integrity

#### (a) Probity

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

#### (b) 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 about personal integrity; and
- 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.

#### (c) Financial Integrity

- manages personal debts or financial affairs satisfactorily; and
- demonstrates the ability to fulfil personal financial obligations as and when due.



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### (d) Good 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 5 years; and
- 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.

## 3.2 Experience and Competency

### (a) Qualifications, training and skills

- possess education qualification that is relevant to the skill set that the Director or Key Senior Management is earmarked to bring onto the Group;
- has a considerable understanding of the workings of a corporation;
- possesses general management skills as well as an understanding of corporate governance and sustainability issues;
- keeps abreast on continuous professional development; and
- possesses leadership capabilities and a high level of emotional intelligence.

### (b) 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.

### (c) Relevant past performance or track record for the position

- 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; and
- possesses commendable past performance record as gathered from the results of the evaluation.

## 3.3 Time and Commitment

### (a) Ability to discharge role having regard to other commitments

- able to devote time as a member of the board or Key Senior Management, having factored in other outside obligations including concurrent board positions held by the Director across listed issuers and non-listed entities (including non-profit organisations) or management role in other organisations.



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### (b) Participation and contribution in the Group or track record

- demonstrates willingness to participate actively in the Group's activities;
- demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in Group's events;
- manifests passion in the vocation of a Director or Key Senior Management;
- exhibits the ability to articulate views independently, objectively and constructively; and
- exhibits open-mindedness to the views of others and the ability to make a considered judgement after hearing the views of others.

### 3.4 Independence (applicable to appointment and re-appointment of Independent Director)

The Director meets the criteria of an Independent Directors as specified in Item 1.1 of Practice Note 13 of Listing Requirement of Bursa Securities.

## 4. ASSESSMENT AND EVALUATION OF DIRECTORS OR KEY SENIOR MANAGEMENT

- 4.1 The fit and proper assessments on each director within the scope of this Policy shall be conducted by the Board and NC prior to initial appointments, re-appointment and whenever the Group becomes aware of information that may materially compromise a Director or Key Senior Management's fitness and propriety.
- 4.2 The Board and NC will consider the factors set out in Clause 3 above in assessing a director's fitness and propriety. The factors shall be assessed individually, as well as collectively, taking into account their relative importance.
- 4.3 The Board and NC should exercise the assessment objectively in the best interests of the Group and the sound conduct of the Group's business. In conducting the assessment, the Board and NC should consider whether there have been material changes in the nature or scope of the responsibilities assumed by a Director or Key Senior Management in which higher standards of competence or judgement are required in order to properly perform the duties associated with the said position.

## 5. REVIEW OF THE POLICY AND APPROVAL

The Board will review this Policy from time to time and make any necessary amendments to ensure they remain consistent with the Malaysian Code on Corporate Governance Board's objectives, current law and practices.

This Policy was approved by the Board of Directors on 27 June 2022.