

Chin Well Holdings Berhad

Director Fit and Proper Policy

1. Introduction

The Board of Chin Well Holdings Berhad (“Board”) is committed to meeting its obligation to the Main Market Listing Requirements (“Main LR”) in relation to the director appointment and independence.

2. Objective

The purpose of this policy is to set the guideline to assist the Nomination Committee (“NC”) and the Board for the assessment of the fitness and propriety of persons who hold, or who are to be appointed or elected to be a director of the Company.

3. Scope

This policy is applicable to the director of the Company only. For the directors in the subsidiaries, decisions on appointments and assessments of fit and proper will be delegated to the Managing Director by the Board.

4. Definition of Independent Director

Independent director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. An independent director is one who –

- a. is not, and has not been within the last 3 years, an officer of the Group or any related company. For this purpose, “officer” has the meaning given in section 2 of the Companies Act (e.g. director, secretary or employee of a corporation) but excludes a director who has served as an independent director in any one or more of the said corporations for a cumulative period of less than 12 years;
- b. is not a major shareholder of the Company;
- c. is not a family member of any executive director, officer or major shareholder of the Company;

- d. is not acting as a nominee or representative of any executive director or major shareholder of the Company;
- e. has not been engaged as an adviser by the Company under such circumstances as prescribed by Bursa Malaysia (“the Exchange”), or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by the Exchange; or
- f. has not engaged in any transaction with the Company under such circumstances as prescribed by the Exchange, or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company or its subsidiaries under such circumstances as prescribed by the Exchange.; or
- g. has not served as an independent director in the Company for a cumulative period of more than 12 years from the date of his first appointment as an independent director.

In relation to (e) and (f) above, the consideration in aggregate is more than 5% of the gross revenue on a consolidated basis of the said Director or the Group or RM1mil whichever is the higher.

5. Responsibilities

5.1 The Board Responsibilities

In the application of this policy, Board and NC are primarily responsible for ensuring that all directors fulfil fit and proper requirements and for conducting assessments of the fitness and propriety of directors of the Company. For the directors in the subsidiaries, decisions on appointments and assessments of fit and proper will be made by the Managing Director.

The Board is committed to ensuring that director of the Company has the appropriate skill and experience commensurate with the role that they hold, and will make all final determinations on the fitness and propriety of responsible persons.

5.2 Nomination Committee Responsibility

The NC (with the assistance of the Company Secretary) is responsible for the assessment of existing directors or candidates for nomination or appointment as a director of the Company, and making recommendations to the Board on these matters.

5.3 Company Secretary Responsibilities

The Company Secretary is responsible for:

- a. Ensuring that appropriate fit and proper assessments are carried out; and
- b. Providing information to the NC on matters concerning the procedure for fit and proper assessments;

6. Fit and Proper Criteria

For the purpose of establishing whether a person is fit and proper to hold a director position, the Company shall have regard to the person's:

(i) Probity, personal character and integrity

- person must have the personal qualities such as honesty, integrity, diligence,

(ii) Competence and capability

- person must have the necessary skills, experience, ability and commitment to carry out the role.

(iii) Time and Commitment

- Person must able to discharge role having regard to other commitments

(iv) Independence (applicable for Independent Directors only)

- This criteria is applicable in particularly to the appointment of independent directors, who must fulfil the requirements under the definition of independent director as stated in (4) above.

6.1 Probity, Personal Character and Integrity

In assessing a person's level of probity, integrity and reputation to hold a position of a director, the NC should consider matters including, but not limited to the following:

(i) whether the person is or has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;

(iii) whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;

(vi) whether the person has been dismissed, asked to resign or has resigned from employment because of questions about his honesty and integrity;

(vii) whether the person has held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while the person was connected with that business;

(viii) whether the person has abused other positions (i.e. political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance

6.2 Competence and capability

Competence and capability are demonstrated by a person who possesses the relevant competence, experience and ability to understand the requirements of the Group's business to perform his role as a director in the relevant capacity effectively.

In assessing a person's competence and capability, the NC should consider matters including, but not limited to the following:

- (i) 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);
- (ii) has a considerable understanding on the Group's business;
- (iii) possesses general management skills as well as understanding of corporate governance and sustainability issues;
- (iv) keeps knowledge current based on continuous professional development;
- (v) 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.
- (vi) exhibits ability to articulate views independently, objectively and constructively;
- (vii) exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

6.3 Time and Commitment

- (i) 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) demonstrates willingness to participate actively in board activities;

- (iii) demonstrates willingness to devote time and effort to understand the businesses.

6.4 Independence

- a. A director must fulfil the requirement as stated in (4) above in order to be qualified as an independent director of the Company.
- b. The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years.
- c. Upon completion of 9 years, an Independent Director may continue to serve on the Board subject to the said director to be re-designated as a Non-Independent Director.
- d. If the Board intends to retain the Independent Director beyond 9 years, the Board must justify and seek annual shareholders' approval via two tiers voting.
- e. An independent director must resign or re-designate as non-independent director if his cumulative tenure of the independent director exceeds 12 years in the Company.
- f. The cooling off period of 3 years for an officer; adviser or non-independent director is required before he can be appointed as the independent director of the company.
- g. The Board must include a statement accompanying the notice of its AGM justifying the nomination of an individual as an independent director, and explaining why there is no other eligible candidate, if such individual had cumulatively served as an independent director of the listed issuer or any one or more of its related corporations for more than 12 years before and observed the requisite 3-year cooling off period.

7. Renewal and Re-election of Director

- a. The Nomination Committee will ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the NC and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.
- b. An election of directors shall take place each year.
- c. All directors shall retire from office once at least in each 3 years, but shall be eligible for re-election.

8. Review

- a. This policy shall periodically review as and when required and updated as further guidelines on Corporate Governance are issued by the relevant regulatory authorities.
- b. The Board shall publish this policy in Company website.

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