



HUP SENG INDUSTRIES BERHAD

[Registration No. 199101015786 (226098-P)]
(Incorporated in Malaysia)

DIRECTORS' FIT AND PROPER POLICY

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1. OBJECTIVES AND SCOPE

This Directors' Fit and Proper Policy ("**Policy**") sets out the guidelines and criteria for the appointment and re-appointment of the Directors of Hup Seng Industries Berhad ("**HSIB**" or "**the Company**") and its subsidiaries and to:

- (a) ensure a formal, rigorous, and transparent process is being adhered to for the appointment, re-appointment, and/or re-election of the Directors of the Company and its subsidiaries;
- (b) ensure that each of the Directors is in possession of the highest standards of character, integrity, experience, competence, time, commitment, and independence (for independent Directors) to effectively discharge his/her role as a Director.
- (c) guide the Company's Board and the Board Nomination Committee ("**BNC**") in conducting the necessary review(s), assessment(s), etc., prior to the selection of candidates for appointments/ re-appointments as Directors and in the annual evaluation of Directors.

2. FIT AND PROPER CRITERIA

2.1 For the purpose of establishing whether a person is fit and proper and suitable to hold directorship in the Company, the BNC and Board shall be guided by the following criteria, including but not limited to 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.
- Has not had any service contract (i.e., in the capacity of management or Director) terminated in the past due to concerns about personal integrity.
- Has not abused other positions [i.e., political appointment(s)]

to facilitate government relations with the Company in a manner that contravenes the principles of good governance.

(iii) Financial Integrity

- Manages personal debts or financial affairs satisfactorily.
- Demonstrates the 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 ten (10) years.
- Has not been reprimanded by the Securities Commission Malaysia, Bursa Malaysia Securities Berhad, Suruhanjaya Syarikat Malaysia, Bank Negara Malaysia or any other regulatory authorities.
- 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(s) 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 an understanding of corporate governance and sustainability issues.
- Financial literacy, especially the ability to read and understand financial statements.
- 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
- Has had or is currently in a career of a senior management, or occupying a high-level position in a comparable organisation, and was accountable for driving or leading the said organisation's governance, business performance or operations.
 - Possesses commendable past performance records as gathered from the results of the board effectiveness evaluation (applicable for re-appointment of Directors).
- (c) Time and Commitment
- (i) Ability to Discharge Role Having Regard to Other Commitments
- Able to devote time as a board member, having factored in 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 understanding the businesses, and exemplifies readiness to participate in events outside the boardroom.
 - Demonstrates an ability to work cohesively with other members of the Board.
 - Manifests passion in the vocation of a Director.
 - Exhibits the ability to articulate views independently, objectively, and constructively.
 - Exhibits open-mindedness to the views of others, and an

ability to make considered judgment after hearing the views of others.

- (d) For Independent Directors (applicable to appointment and re-appointment) – the candidate or Director meets the criteria of an Independent Director as stipulated in Bursa Malaysia's Listing Requirements.
- (e) Apart from the above criteria, any other criteria that the BNC and the Board may determine from time to time as they deem fit.

2.2 Directors shall be evaluated annually based on the Director's Evaluation Form.

3. ASSESSMENT AND EVALUATION

3.1 The BNC will assess each person for a new appointment or re-appointment of Directors based on the criteria set out under Item 2 before recommending the same to the Board for consideration and approval.

3.2 Appointment of New Directors

3.2.1 For the appointments of new Directors, candidates are required to complete the Director's Information and Declaration Form. Candidates are also required to authorise the Company to perform background checks, if necessary. Such background checks may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks, etc.

3.3 Re-appointment of Directors

3.3.1 For the re-appointment of existing Directors, such existing Directors are required to update the information provided in the Director's Information and Declaration Form, if necessary.

3.3.2 For the re-appointment of existing Directors, the Directors shall be evaluated based on the Director's Evaluation Form.

3.4 All information and documents obtained for the purpose of assessment are part of the Company's internal documents and shall at all times be kept strictly confidential and not be disclosed or provided to any other party, except as required by law or best corporate governance practices.

4. REVIEW OF THE POLICY

The BNC shall periodically assess and review the effectiveness of this Policy, and thereafter recommend any change to the Policy as the BNC deems appropriate to the Board for approval.

This Policy was reviewed by the Board of HSIB on 8 November 2023.