



HO WAH GENTING BERHAD

Company No.:199301018185 (272923-H)

BOARD CHARTER



HO WAH GENTING BERHAD
199301018185 (272923-H)

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HO WAH GENTING BERHAD GROUP

History and Business

Ho Wah Genting Berhad was incorporated as a public company on 12 August 1993 in Malaysia under the Companies Act, 1965. It was listed on the Second Board of Bursa Malaysia Securities Berhad (“BMSB”) on 28 December 1994 and transferred to the Main Board of BMSB on 2 November 2000.

The Company is principally engaged in investment holdings and the provision of management services to its subsidiaries. On 30 June 2020, the Company diversified its existing businesses to include healthcare-related industry which mainly involved in health supplement, biotechnology and health technology. In addition, the Company and its subsidiaries (“**HWGB Group**” or the “**Group**”) are also engaging in the businesses of investment holdings; manufacturing and trading of wires and cables and moulded power supply cord sets; and cable assemblies for electrical and electronic devices and equipment; and travel agent and tour related services.

Its associate company is in travel retail business of cosmetic, skincare, toiletries, accessories, apparel and lifestyle products.



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VISION

Supplying customers globally with a diverse portfolio of high quality products.

We aim to be a globally recognized Supplier of raw materials, semi-finished and finished products.

MISSION

At HWGB Group, we:

- Exceed the requirements and expectations of **OUR CUSTOMERS**.
- Champion the welfare and wellbeing of **OUR EMPLOYEES**.
- Ensure the continued growth and evolution of our global business for **OUR STOCKHOLDERS**.

BOARD CHARTER

1. OBJECTIVE

The primary purpose of the Board Charter of the Board of Directors (hereinafter referred to as “the Board”) of Ho Wah Genting Berhad (hereinafter referred to as “the Company”) is to outline the structure, responsibilities, rights and procedures of the Board.

The Board Charter is to guide the Directors in discharging their duties and responsibilities as Directors in accordance with the fundamental requirements of provisions in the Companies Act, 2016, Bursa Malaysia Listing Requirements (“LR”), Capital Markets and Services Act 2007, Code of Corporate Governance, any other applicable rules or regulations and Company’s Constitution.

2. OVERVIEW OF DIRECTORS’ FUNCTIONS

The Board of Directors which is made up of a combination of executive Directors (who have extensive knowledge of the business) and non-executive Directors (who can contribute a broader view to the Group’s activities) to take on primary responsibility for leadership of the Company, under a chairman who accepts the duties and responsibilities that the post entails.

The role of the Board of Directors is to lead and control the Company to ensure long term sustainable growth, business development and succession to maximize returns and enhance shareholders value.

The Chairman of the Board may not be a member of the Audit Committee, Nomination Committee or Remuneration Committee to ensure there are checks and balances and objective review by the Board.

3. COMPOSITION OF THE BOARD

The Board should have a balance of executive and non-executive Directors such that no individual or a group of individuals can dominate the Board’s decision making.

There should be a clearly accepted division of responsibilities at the head of the Company in order to ensure a balance of power and authority, such that no one individual has unfettered powers of decision.

The Board shall comprise of at least 2 or 1/3 of independent directors, whichever is higher, in line with Bursa Securities Malaysia Berhad’s (“Bursa”) listing requirements for independent director.

The non-executive Directors should be persons of caliber, credibility and have the necessary skill and experience to bring an independent judgment to bear on the issues of strategy, performance and resources including key appointments and standards of conduct.

The Board shall exercise judgment in determining what is the appropriate number of directors which fairly reflects the investment in the Company by shareholders other than the significant shareholder and to examine its size, with a view to determine the impact of the number upon its effectiveness.



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- 3.1 The Nomination Committee to ensure that the composition of the Board is refreshed periodically and the re-election of a director should be contingent on satisfactory evaluation of his performance and contribution to the Board.
- 3.2 The tenure of an independent director shall be fixed at the limit allowed under the LR.
- 3.3 Appointment of Board and Senior Management to be based on objective criteria, merit, and with due regard for diversity in skills, experience, age, cultural background and gender.
- 3.4 the Board to utilise independent sources to identify suitably qualified candidates as directors. If the selection is based on recommendations by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Director standing for election should also declare to the Board and shareholders on any existing or potential conflict of interest including whether they have a business, family or other special relationship within or outside of the Company that could affect the execution of their role as director on the Board.

- 3.5 On appointment and re-appointment of a director, information on any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole. The Board should provide a statement on its supports on the appointment or re-appointment of a candidate and the reason.

3.1 Chairman

The Executive Chairman is responsible for:

3.1.1 Leadership

- a. Ensuring the Board's effectiveness in all aspects of its role and setting of its agenda;
- b. Leading the Company in its relationships with shareholders, financial institutions and media;

3.1.2 Meetings

- a. Chairing Board and General Meetings;
- b. Ensuring relevant and/or significant issues are on the agenda;
- c. Ensuring all directors, executive and non-executive, are provided with accurate, timely and clear information / report to enable and encourage them to play their role in the Board meeting. This includes making certain that directors, especially non-executive is advised of all likely future developments and trends, provided with relevant information tailored to their needs and they are properly briefed on issues arising at Board meetings to enable the Board to make sound decisions, monitor effectively and to promote the success of the Company.
- d. Ensuring executive directors look beyond their executive function and accept their full share of responsibilities of governance.
- e. Encouraging healthy debate on all issues and maintain independency;
- f. Ensuring Board resolution is put to vote should there be any objection to ensure that it is the will of the majority;



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- g. Running the Board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings;
- h. Ensuring there is appropriate delegation of authority from the Board to executive management;
- i. Ensuring all directors have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making;
- j. Upholding the highest standards of integrity and probity;
- k. Ensuring all the directors are fully informed about all issues on which the Board will have to make a decision, through briefings with the Chief Financial Officer, the Company Secretary, and members of the executive management as and when required; and
- l. Ensuring effective implementation of Board decisions.

3.1.3 **Induction, development and performance evaluation**

Identifying the development needs of the Board as a whole to enhance its overall effectiveness as a team.

3.1.4 **Relations with shareholders**

- a. Maintaining effective communication that enables the Board to communicate effectively with shareholders; and
- b. Interpreting the operations of the Company to the shareholders and accommodate feedback from shareholders.
- c. Interaction with shareholders and give sufficient opportunity to shareholders to enquire about the Group's activities and performance, and to relate their expectations and concerns. Facilitating questions and answers session pertaining to resolution proposed in annual general meeting or during any meeting with shareholders.

3.1.5 **Business Strategy and Management**

- a. Developing Group objectives and strategy having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders and ensuring the long-term stability of the business and also sustainability of the environment.
- b. Planning of objectives, monitoring and execution of strategies to achieve results following presentation to, and approval by, the Board.

3.2 **Managing Director cum Chief Executive Officer**

The role and responsibilities of the Managing Director/Chief Executive Officer are:

- 3.2.1 Developing and delivering the Group's strategic plan in the most effective and efficient manner;
- 3.2.2 Manage the Group's business under delegated authority from the Board;
- 3.2.3 Implementing policies and strategies adopted by the Board;
- 3.2.4 Developing and presenting strategic and annual business plans and budget to the Board for approval;
- 3.2.5 Reporting to the Board on the progress of the strategic and annual business plans and budget on a regular basis;
- 3.2.6 Overseeing the day-to-day operations of the Group;
- 3.2.7 Managing, motivating, developing and leading members of the Management Team;



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- 3.2.8 Managing and allocating resources efficiently and effectively to achieve the Group's objectives;
- 3.2.9 Chairing Management Team meetings;
- 3.2.10 Taking a leadership role in establishing or developing the Group's culture and values;
- 3.2.11 Ensuring that there is synergy between strategy and culture, and the Group's processes and structure;
- 3.2.12 Ensuring that appropriate internal audit processes and procedures are in place;
- 3.2.13 Developing and implementing a risk management plan; and
- 3.2.14 Ensuring that there is a succession plan in place.
- 3.2.15 Investment and Financing
 - a. Examining all trade investments and major capital expenditure proposed by subsidiaries and the recommendation to the Group's Board of those which, in a Group's context, are material either by nature or cost. Materiality is defined as follows:
 - i. Subsidiary level: not exceeding 10% of the subsidiary's net assets or sum not exceeding RM500,000 whichever is higher; and
 - ii. At holding level: below 5% of the holding company's net assets or a sum below RM1,000,000 whichever is higher.
 - b. Identifying and executing acquisitions and disposals, approving major proposals or bids.

4. **ROLE OF THE BOARD**

- 4.1 The seven (7) principal responsibilities of the Board shall include:
 - a. Reviewing and adopting strategic plans for the Company taking into consideration of factors such as existing and potential rivals of the Company, external environmental factors; its internal characteristics including goals, assets, liabilities and structure.
 - b. Overseeing the conduct of the Company's business to ensure the business is being properly managed;
 - c. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - d. Identifying principal risks and ensure the implementation of appropriate systems to manage these risks. The Board or through its committees, sets, where appropriate, objectives, performance targets and policies for the management of the key risks faced by the Company;
 - e. Review risk assessment policy and control;
 - f. Succession planning, including recruiting, training, remunerating and where appropriate, engaging Senior Management for succession purposes;
 - g. Formulating and implementing an investor relations program or shareholder communications policy for the Company; and
 - h. Ensuring compliance with regulatory and statutory requirements.



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- 4.2 Other Responsibilities of the Board shall include:
- a. The Board and management are to be responsible for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets and communicate to its internal and external stakeholders. The Board is to be abreast with and take 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.
 - b. Performance evaluations of the Board and Senior Management should include a review of the Board's and Senior Management's performance in addressing the Company's material sustainability risks and opportunities.
 - c. Ensuring financial statements for each financial year give a true and fair view of the financial positions and of the statement of comprehensive income of the Company. Ensuring that the Company has used appropriate accounting policies, consistently applied and supported with reasonable and prudent judgment and estimates, and all accounting standards which are applicable to the Company and Group;
 - d. Ensuring proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act, 1965;
 - e. Approving quarterly financial statements, yearly financial statements and any other reports or circular to shareholders and public announcements;
 - f. Reviewing and updating the Board's Charter, the Nomination Committee's Charter, the Remuneration and Compensation Committee's Charter and the terms of reference of other Board Committees to be set up from time to time;
 - g. Reviewing and evaluating the present and future strengths, weaknesses and opportunities for the Company and Group, by comparison with industry players (locally or globally) for improvement and better performance;
 - h. Presenting a balanced and understandable assessment of the Company's position and prospects;
 - i. Maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets;
 - j. Establishing an audit committee and risk management committee with written terms of reference which deal clearly with its authority and duties;
 - k. Establishing an internal audit function to evaluate risks and to regularly review and/or appraise the effectiveness of the system of internal controls within the Company;
 - l. Monitoring management's success in implementing policies and strategies approved by Board;
 - m. Reviewing management reports, budget reports and other reports presented by management at regular intervals as determined by the Board;
 - n. Establishing a human resource policy for the Group;
 - o. Reviewing and approving the corporate objectives, which the Managing Director cum Chief Executive Officer is responsible for achieving;
 - p. Reviewing the term of office and performance of the audit committee and risk management committee and each of its members at least once in every three years; and
 - q. Reviewing and assessing the independence of independent Directors annually.



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5. APPOINTMENT AND TENURE OF OFFICE

- 5.1 All appointments of directors shall be recommended by the Nomination Committee and approved by the Board of Directors;
- 5.2 Board members have no fix term of appointment, but are subject to retirement by rotation and re-election in accordance with the Company's Constitution, Companies Act, 1965, and applicable Rules and Regulations imposed by the relevant authorities;
- 5.3 Non-executive Directors shall consult the Chairman in regard to any subsequent external appointments; and
- 5.4 Independent Director whose terms of office exceeds nine (9) years (*whether on consecutive or cumulative basis*), on the 9th anniversary year, shall subject to review by the Board of his independency before recommendation on reappointment as independent Director.

6. REMUNERATION FRAMEWORK

The remuneration framework of the Board should reflect the Board's responsibilities, expertise and complexity of the Company's operations.

- 6.1 The remuneration framework for the Executive Directors is structured to attract and retain directors of the right caliber to manage the Group effectively. Its primary purposes are to ensure that executive directors and employees of the Group are fairly rewarded for their responsibilities, expertise and contributions towards the overall performance of the Group.
- 6.2 The remuneration framework for the Non-Executive Directors is based on experience, degree of responsibilities, and contributions. Non-Executive Directors is paid director's fees and meeting allowance. Directors' fees are paid within the limit approved by shareholders.
- 6.3 The Board as a whole determines the remuneration of the Executive and Non-Executive Directors.
- 6.4 Individual Director does not participate in decision concerning his/her own remuneration packages.
- 6.5 The Chief Executive Officer's remuneration shall be reviewed by the Board.

7. INDUCTION FOR NEW DIRECTOR

Newly appointed Directors will be accorded induction programs to the Group's business and operations, understanding the cultures, the corporate and senior management structures, which include meeting with Senior Management, and if required, visits to operation units.

8. BOARD PROCEDURES

- 8.1 The Board shall meet regularly, with due notice, of issues to be discussed, agenda and meeting papers circulated to Board of Directors in good time;
- 8.2 Notice of meeting and meeting papers for regular quarterly meetings shall be circulated to the Directors at least 7 days before each meeting;
- 8.3 The agenda shall be decided by the Board, nevertheless, any member of the Board may propose additional agenda;
- 8.4 The Board's discussion shall be open and constructive. The Chairman will seek a consensus in the Board but may, where considered necessary, call for a vote;



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- 8.5 A Director is required to disclose any new appointment on other Board and any potential conflict of interest in relation to any agenda, and to abstain from discussion and voting on any agenda that he/she may have conflict of interest. But the attendance of the particular Director shall be counted for quorum purposes (*provided none of the other Directors present disagree*) (reference: Article 22.7);
- 8.6 A Director is required to disclose his/her securities holding in the Company and any dealing in the securities of the Company within 3 market days;
- 8.7 A Director shall not deal in the securities of the Company during closed period unless prior notification of at least 1 market day been given to the Company and the procedure for dealing in securities during close period pursuant to Chapter 14 of the Listing Requirements of Bursa has been complied with;
- 8.8 All Directors are expected to participate fully, frankly and constructively in Board discussion and other activities and to contribute to the Company their specialized knowledge, skills and abilities to the Board and Company as a whole with commitments and initiatives;
- 8.9 All Directors are expected to preserve and maintain confidentiality of information and/or documents given or presented to the Board and act in the best interest of the Company; and
- 8.10 Minutes of meeting of the Board of Directors should be recorded and signed by the Chairman or Chairman of the next succeeding meeting, which shall be conclusive evidence without any further proof of the facts thereon stated. The Minutes should be entered into the Minutes Books kept by the Company Secretary. Minutes of each meeting of the Board of Directors should be distributed to all Directors.

9. RIGHTS OF DIRECTORS

- 9.1 All Board members are entitled to have full access, at reasonable times, to the advice and services of the Company Secretary who ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and Directors' responsibilities in complying with relevant legislation and regulations;
- 9.2 All Board members shall have full and unrestricted access to any information pertaining to the Company or Group; and
- 9.3 The Directors may obtain independent professional advices, where necessary, in furtherance of their duties in accordance with prescribed procedures, at the Company's expense, with prior consultation of the Chairman.

10. MATTERS RESERVED FOR BOARD

The Board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company is firmly in its hands. This acts as a safeguard against misjudgments and possible ultra vires. The schedule is updated regularly and shall include the following:

- a. Acquisitions and disposals of businesses of the Company or its subsidiaries;
- b. Acquisition and disposal of assets and / or investment which exceeds 5% of the Company's net asset;
- c. Material capital expenditure and / or investment which exceeds 5% of the Company's net asset;
- d. Determining level of authority;
- e. Determining treasury policies;
- f. Determining risk management policies;



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- g. Related Party Transactions;
- h. Material Agreements that are not in the normal course of business;
- i. Funding and Financing;
- j. Approving of quarterly financial results, and financial statements;
- l. Adoption of new/change in accounting policy
- k. Proposal to increase / decrease in capital;
- m. Proposal to amend Constitution;
- n. Convening of general meetings;
- o. Material litigation that is not in the ordinary course of business;
- p. Appointment and resignation of Director;
- q. Appointment and resignation of Company Secretary and Chief Financial Officer;
- r. Circulars to shareholders;
- s. Adopting or amending any Terms of Reference/by-law of any Board Committee;
- t. Recommending dividend;
- u. Recommending of Director's fees; and

11. INTERNAL CONTROL INCLUDING RISK MANAGEMENT

11.1 System of Internal Control and Risk Management

In order to achieve a sound system of risk management and internal control, the Board and Management is committed to adopt a risk management and control framework that is embedded into the culture, processes and structures of the Group.

The Board has the overall responsibility for overseeing the Group's system of internal control and the effectiveness in managing risks. The role of Management is to implement the Board's policies on risk and control recognizing the importance of effective and sound system of internal control to enhance good corporate governance, achieve Group's business objectives and safeguard shareholders' investment.

11.2 Internal Audit Function

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve a company's operations. It helps a company accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistle blowing and governance processes.

The internal audit function provides assessments as to whether risks, which may hinder the Company from achieving its objectives, are being adequately evaluated, managed and controlled. It further evaluates the effectiveness of the governance, risk management and internal control framework and facilitates enhancement, where appropriate.

The Board has established an internal audit function which reports directly to the Audit and Risk Management Committee. The function has been outsourced to a professional service firm and the audits are managed by a Certified Internal Auditor to provide assurance to the Board that internal control is operating effectively.



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12. TIME COMMITMENT OF DIRECTORS

- 12.1 Directors are expected to devote their time to prepare themselves thoroughly for meetings for effective participation in the meetings and are expected to observe the meeting attendance requirements;
- 12.2 Director who is unable to attend any Board or Board Committee's meeting shall inform the Chairman or the Company Secretary immediately or any earlier practicable date prior to the meeting date.

13. DIRECTORS' TRAINING

- 13.1 All Board members shall keep themselves updated with changes in the business environment or sentiment affecting the Company's business activities and markets, for example, changes in politics, economics, legislation, social, climate and etc;
- 13.2 Each newly appointed Director will be required to attend Mandatory Accreditation Program ("MAP") organized by Bursa;
- 13.3 The Board of Directors must evaluate annually and determine the training needs of the Directors for Continuing Education Program ("CEP") to enable the Directors to effectively discharge their duties. The subject matter of training must be one that aids the Director in the discharge of his/her duties as a director; and
- 13.4 Director is also encouraged to identify suitable training courses that are relevant to the discharge of his/her duties.

14. BOARD COMMITTEES

The Board may delegate its responsibilities to the Board Committees and Management. However, the respective committee's authority must be specifically spelt out in a term of reference. Delegation of authority shall not in any way absorb or discharge the duties and responsibilities of the Board of Directors.

There shall be an adequate degree of independence and a process or practice in place to allow the Directors to meet and actively exchange views to enable the Board to assess the direction of the Company and the performance of its Board Committees and Management. There shall be transparency and full disclosure from the Committees to the Board.

Presently the Board of Directors had formed Audit and Risk Management Committee, Nomination and Remuneration Committees, and ESOS Committee.

14.1 Audit and Risk Management Committee

The Audit and Risk Management Committee comprises of all Independent Directors and is chaired by one of them.

The Audit and Risk Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors.

The Audit and Risk Management Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit and Risk Management Committee.



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The Audit Committee to assess the suitability, objectivity and independence of the external auditor, the Audit Committee establishes policies and procedures that address amongst others:

- a. The competence, audit quality and resources capacity of the Auditors with reference to *Annual Transparency Report* published by the audit firm;
- b. Appropriate audit fees to support a quality audit;
- c. Requirement for non-audit services to be approved by the Audit Committee to check on the independence of the Auditors.

The Audit and Risk Management Committee's roles and functions are narrated in the attached Appendix A, "Terms of Reference of the Audit and Risk Management Committee".

14.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee is made up mainly of independent director and an adviser.

The Nomination and Remuneration committee is responsible for recommending new nominees for appointment to the Board and Board Committees as well as undertake annual review of the required mix of skills, experiences and other qualities, including core competencies within the Board, and report to the Board its finding.

The Committee also assumes the task of recommending to the Board the executive directors' remuneration package based on the principles set by the Company.

The Committee's roles and functions are narrated in the attached Appendix B, "Terms of Reference of the Nomination and Remuneration Committee".

14.3 Employee Shares Option Scheme ("ESOS") Committee

The ESOS Committee is set up mainly to oversee the administration and implementation of the ESOS Scheme according to the Bylaws of the ESOS. Its membership comprised of 1 Executive Director and 2 Senior Management staff.

15. SENIOR INDEPENDENT DIRECTOR

The appointment of a Senior Independent Director is to facilitate any concerns which shareholders and employees may want to address.

Ms. Elaine Tan Ai Lin is currently the appointed senior independent non-executive Director to whom all concerns may be conveyed.

16. SHAREHOLDERS AND INVESTORS RELATION

The Board recognizes the importance of transparency and accountability to its shareholders and the need for effective communications with shareholders and investors. They are kept informed of the Group's performance, business activities, financial performance, material information and corporate events through the Company's website, Annual Report, formal announcements, quarterly reports, circulars and press release.



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General meeting is the principal forum for dialogue between the Company and its shareholders and investors. At general meeting, the Board of Directors briefs the shareholders on the status of the Group's business operations, at the same time shareholders are also given an opportunity to interact with the Board.

The Group maintains various website at: Company's Website
<http://www.hwgb.com>

Subsidiary Websites

<https://www.hw-genting.com>

<https://www.hwgholidays.com>

<https://www.hwgbbiotech.com>

providing information on the Company, the Group's various core businesses which shareholders, investors and public may surf.

16.1 Conduct of General Meeting

The Chairman to ensure that general meetings support meaningful, interactive and robust engagements between the Board, Senior Management and shareholders. Shareholders should be provided with sufficient opportunity to pose questions during the general meeting and all questions should receive a meaningful response.

16.2 The Board must ensure that virtual (fully or hybrid) general meetings of the Company support meaningful engagement between the Board, Senior Management and shareholders, including an infrastructure that supports a smooth broadcast and interactive participation. Questions posed by shareholders should be made visible to all participants during the meeting.

16.3 Summary of Key Matters of the general meeting to be published in the Company's website no later than 30 business days after the meeting.

16.4 A feedback channel outside of the general meeting should be established to enable shareholders to share feedback and questions and receive responses if time does not permit further discussions during a general meeting.

16.5 Virtual meetings should support meaningful engagement between the Board, Senior Management and shareholders. A one-way monologue by the Board should be avoided. The importance of shareholders being given the opportunity for real-time interaction, including responses to questions or remarks posed, has been emphasised.

17. COMPANY SECRETARY

The Company Secretary shall be a person who is qualified pursuant to Section 139A of the Companies Act, 1965 and competent in carrying his/her duties. The appointment and removal of the Company Secretary shall be decided by the Board of Directors.



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The Company Secretary shall ensure statutory records are kept and maintained in a proper manner, and discharge the duties and office of Company Secretary in compliance with the prevailing legislation and regulations and in the best interest of the Company.

The Company Secretary is to provide and assist the Board, Board Committee or Director individually on matters including compliance with the prevailing legislations and regulations concerning the Company and Group as and when reasonably required.

The Company Secretary shall keep himself/herself abreast with the development and new changes in relation to any legislation and regulations concerning the corporate administration and to highlight the same to the Board of Directors accordingly.

The Director shall have unlimited access to the advice of the Company Secretary.

18. CHANGES TO BOARD CHARTER

This Board Charter had been approved by the Board of Directors on 26 March 2013. Any changes to the Board Charter must be approved by the Board of Directors prior to adoption.

This Board Charter was reviewed on 23 December 2021.



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PART II – CODE OF ETHICS



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CODE OF ETHICS FOR DIRECTORS

A. INTRODUCTION

This Code of Ethics is adopted by the Board of Directors to attain best corporate governance practices and compliance with legislation governing director's duties in discharging their duties to achieve corporate objectives.

It is important to establish a standard of competence for corporate accountability which includes standards of professionalism and trustworthiness in order to uphold good corporate integrity.

This Code of Ethics is in addition to the Board Charter which had been adopted by the Board of Directors.

B. PRINCIPLE

The principle of this code is based on principles in relation to duty of care, integrity, responsibility and corporate social responsibility.

C. PURPOSE

This Code of Ethics is formulated to enhance the standard of corporate governance and corporate behavior with the intention of achieving the following aims:

1. To establish a standard of ethical behavior for directors based on trustworthiness and values that can be accepted, are held or upheld by directors.
2. To uphold the spirit of responsibility in line with the legislation, regulations and guidelines for administrating a company.

D. DEFINITION

A director includes both executive and non-executive directors.

E. CODE OF ETHICS FOR DIRECTOR

In the performance of his duties, a director should at all times observe the following codes:

1. Have a clear understanding of the aims, purposes, capabilities and capacity of the Company;
2. Keep abreast with the affairs of the Company and be kept informed of the Company's compliance with the relevant rules, legislation and contractual requirements;
3. Exercise his/her power of office for a proper purpose, in good faith, and in the best interest of the Company;
4. Exercise duty of care and diligence in fulfilling his/her functions and power of office;
5. Recognize his/her primary responsibility is to the Company as a whole but may, where appropriate, have regard for the interest of stakeholders of the Company;



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6. Neither divert for own advantage any business opportunity that the Company is pursuing, nor use confidential information obtained by reason of his/her office for own benefits or that of others;
7. Confidential information obtained in the course of his/her office or duties remains the property of the Company and it is inappropriate to disclose, allow, or render it to be disclosed or leaked, unless that disclosures had been endorsed by the Board of Directors, or the person whom the information is provided, or is required by law;
8. At all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his/her powers in carrying out his/her duties;
9. Disclose immediately all contractual interests whether directly or indirectly with the Company;
10. Be willing to exercise independent judgment and actions, if necessary to openly object should the vital interest of the Company be at stake;
11. Take all reasonable steps to satisfy the soundness of all decisions taken by the Board;
12. Not to take improper advantage or misuse of the position of Director;
13. Not to engage in conduct likely to bring discredit upon the Company;
14. At all times nurture professionalism and improve the competency of management and employees;
15. Cultivate good relationship, conscious of the interest of shareholders, employees, customers, financier and creditors;
16. Ensure adequate safety measures and provide proper protection and coverage to employees of all divisions;
17. Promote and cultivate social and environmental responsibilities and encourage effective use of natural resources;
18. Devote time and effort to attend meetings and to know what is required of the board and each of its directors, and to discharge those functions;
19. Always comply with the spirit, as well as, the principle of the Code;
20. Have access to the advice and services of the company secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with; and
21. A director may, in exercising his/her duties rely on information, professional or expert advice, opinions, reports or statements including financial statements and other financial data, prepared, presented or made by, any officer of the Company; expert retained by the Company; another director in relation to matters within the director's authority; or any Committee to the Board of Directors on which the director did not serve in relation to matters within the Committee's authority, the reliance should be made in good faith, and after making independent assessment of the information or advice, opinions, reports or statements, including financial statements and other financial data, having regard to the Director's knowledge of the Company and the complexity of the structure and operation of the Company.

This Code of Ethics for Directors had been approved by the Board of Directors on 26 March 2013. Any changes to this Code must be approved by the Board prior to adoption.

This Code of Ethics for Directors was reviewed on 23 December 2021.



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PART III – CONFLICT OF INTEREST POLICY



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CONFLICT OF INTEREST POLICY

Disclosure of potential conflict of interest

Pursuant to Section 221 of the Companies Act, 2016, it is the duty of every director to disclose potential conflict of interest on the following matters:

1. He/she has direct or indirect interest in a contract or proposed contract with the Company [*Section 221 (1)*]; or
2. He/she holds any office or possesses any property which may directly or indirectly conflict with his duties or interests as director [*Section 221 (6)*].

Any possible conflict of interest on the part of any Board member should be disclosed to other Board members and an official letter shall be given, in due course or within a reasonable period, to the Company Secretary for tabling to the Board members [*Section 221 (5)*].

Any Board member having a possible conflict of interest on any matter should not vote or use his/her personal influence on the matter, and to abstain from discussion on the matter but he shall be counted for quorum purposes (provided none of the other Directors present disagree) (*Reference Article 22.7*). The minutes of the meeting should reflect that a disclosure was made, the abstention from voting, and the quorum situation.

The foregoing requirements should not be construed as preventing the Board member from briefly stating his/her position in the matter, nor from answering pertinent questions raised by other Board members since his/her knowledge may be of assistance.

The Company Secretary must record every declaration so made in the minutes of the Board meeting [*Section 221 (8)*].

This Conflict of Interest Policy has been approved by the Board of Directors on 26 March 2013, any changes to this Policy must be approved by the Board prior to adoption.

This Conflict of Interest Policy was reviewed on 23 December 2021.



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PART IV – CORPORATE DISCLOSURE POLICY



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CORPORATE DISCLOSURE POLICY

1. OBJECTIVE

To establish a disclosure regime in promoting transparency and to attain best corporate governance practices and maintain shareholders and investors confidence. The emphasis is to ensure that any required disclosure released by the Company is informative, timely and evenly disseminated and in compliance with the disclosure requirements of Bursa Malaysia (“Bursa Malaysia”) Listing Requirements (“LR”).

In order to manage the accountability of sensitive, privy, confidential and/or material information, the following procedures are to be observed:

2. IMMEDIATE DISCLOSURE OF MATERIAL INFORMATION

2.1 Transaction

Materiality of transaction is to be interpreted within the material tests and the type of transaction under Chapter 10 of LR;

2.2 Prescribed Event

Chapter 9.19 of the LR specifies prescribed events that require immediate announcement to be submitted upon its occurrence;

2.3 General Matters

General matter that does not fall onto the prescribed event: a materiality assessment pursuant to Chapter 9.03 (2) of the LR is to be applied to determine the disclosure requirement.

An information is considered to be material if it is reasonably expected to have a material effect on the:

- a. Price, value or market activity of any of its securities; or
- b. Investor’s decision in determining his/her choice of action.

2.4 Contents of Disclosure / Announcement

2.4.1 Contents

Contents of disclosure or announcement must be accurate and complete, easy to understand and presented in a “balanced” way. (*“balanced” includes both positive and negative information*). Chapter 9.16 (1) of LR prescribes the following:

- a. Be factual, unambiguous, accurate, succinct, and contains sufficient information to enable informed investment decisions;
- b. Not be false, misleading, deceptive and must not contain language which is inflammatory, defamatory or scandalous; and
- c. Be in language comprehensible to the layman.

2.4.2 Sufficiency

Consideration shall also be given to the “sufficiency” of the disclosure in order to provide meaningful information for example when making disclosure on “Transaction”:

To provide basis based on industrial comparable, Price Earnings (PE) ratio or Price to Book (PB) ratio rather than just general statement of *“willing buyer-willing seller basis”*.



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2.5 Timeliness of Disclosure/Announcement

Material information must be announced immediately to prevent any leakage. The Company should not subject itself in a position where it is bound by confidentiality that may defeat its obligations on disclosure of material information on immediate basis under the LR.

Below are some sample of events with its required timeliness for disclosure:

| Events | Timing of Announcement |
|---|---|
| Borrowing of funds | Upon acceptance of terms including execution of Letter of Offer / Loan documents, whichever is earlier |
| Commencement of litigation | Upon receipt of summons / statements of claim |
| Proposed issuance of new securities | Upon Board approval |
| Default in payment | Upon occurrence of default |
| Acquisition or disposal | Upon the terms of acquisition being agreed or upon signing of Letter of Offer / Sale and Purchase Agreement, whichever is earlier |
| Rejection of Proposal at General Meeting | Immediately, even during trading hours and not at the end of the day |
| Decision by authorities on corporate proposal | Upon receipt of the decision |

3. MAINTAINING CONFIDENTIALITY OF INFORMATION

In order to minimize possible leakage of confidential information, the following measures must be adhered to:

3.1 Documents management

- a. Use codename in correspondences and documents to protect identities of parties involved;
- b. Ensure physical copies of documents are securely stored in locked cabinets with access restricted to authorized personnel only; and
- c. Remind authorized personnel regularly not to read confidential documents or have discussion in public places.

3.2 Secured IT system

- a. Use private fax lines, dedicated printers and email accounts;
- b. Keep confidential information on protected drives and tightly controlling access through password and blocking mechanism; and
- c. Install password protection mechanism for electronic equipment such as laptops and other storage media containing confidential information, and activating automatic locking system on these equipments after a stipulated period.

3.3 Equal Access to material information

- a. Avoid disclosing non-public material information, especially when dealing with external parties e.g. journalist, fund managers, analyst and etc.
- b. Avoid providing forecast or projections of revenue, earnings or other profit indicators prior to public disclosure.



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3.4 Leakage of material Information

In the event of any leakage of material information which has been inadvertently disclosed, the Company is to take remedy action by immediately announcing the same to Bursa Malaysia. (reference LR 9.06 (3))

3.5 Restricted dissemination of information

In order to contain confidential information and for greater accountability in the event of leakage, such confidential information is limited to personnel involved in the corporate proposal on “need-to-know” basis.

In addition, the following personnel are appointed for the stated duties:

| Assignment | Personnel | Duties |
|---------------------|---|--|
| Designated Person : | Company Secretary | <ul style="list-style-type: none"> • To ensure no disclosure of any material information prior to public disclosure of the material information to Bursa Malaysia in accordance with LR; • To coordinate and review information to be disclosed to ensure compliance with the LR and applicable securities laws (if any), and ensures that the relevant person such as the Board, Chief Executive or Chief Financial Officer verify such information; • To ensure that the relevant authorization from the Board or Executive Chairman is obtained for information to be disclosed; • To ensure that the information is disclosed timely; • To oversee and maintain accurate records of all public disclosure of material information; and • To keep updated with any pending material development concerning the Company. |
| Spoke Person : | Executive Chairman/ Managing Director/ Executive Director | <ul style="list-style-type: none"> • Is authorized to speak on behalf of the Company with external parties at external meeting e.g. interview, briefings and etc. |



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3.6 Request for “Confidentiality Undertaking”

In the course of any corporate proposal, the Company is to request from the engaged external consultant(s), adviser(s) and other professional firms to provide for confidentiality undertaking on maintaining the confidentiality of the material information in relation to the corporate proposal.

4.0 INSIDER TRADING

Officer(s) of the Company and external consultants engaged are to be reminded not to abuse or make use of the price sensitive information obtained in the course of their work for personal or outsiders’ benefits. Section 188 (4) of the Capital Markets and Services Act, 2007 (“CMSA”) imposes a minimum fine of RM1 million and imprisonment for a term not exceeding 10 years and Section 201 empowers the Securities Commission and injured party to seek civil remedies against the contravener.

5.0 CHANGES TO POLICY

This Corporate Disclosure Policy has been approved by the Board of Directors on 26 March 2013. Any changes to this Policy must be approved by the Board prior to adoption.

This Corporate Disclosure Policy was reviewed on 23 December 2021.



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PART V – WHISTLEBLOWER POLICY



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1. POLICY STATEMENT

- i. The policy provides for a mechanism to enable staff and other members of the Company and third party who have dealings with the Company to voice their concerns over any wrongdoings or misconduct by any of the staff and member of the Company in a responsible and appropriate manner.
- ii. The policy is committed in promoting and maintaining transparency, accountability, ethics, integrity and impartiality of the Company and the conduct of its business and affairs.
- iii. The policy is designed to protect its staff and other members including third party making the disclosures about the possible improprieties or misconduct at the earliest opportunity without fear of reprisal or detrimental consequences.
- iv. The policy also sets out procedures to facilitate the disclosures of improper conduct without compromising the confidentiality of the matters and whistleblowers involved.
- v. The policy does not absolve staff and members of the Company from any statutory obligations contained in any law, Act or Regulation to report criminal offences or any breaches of law with the relevant enforcement Agency.
- vi. This policy is to be read together with the Company Employees Handbook, Conflict of Interest Policy, Corporate Disclosure Policy or any other Internal Circular Letters issued from time to time.

2. OBJECTIVES

- i. The objectives of this Policy are as follows:
 - (a) to provide employees and third parties dealing with the Company and/or Group with defined procedures in disclosing cases of Improper Conduct (“Disclosure”);
 - (b) to manage the Disclosures appropriately and timely;
 - (c) to provide protection to whistleblowers from reprisal action resulting from the Disclosure; and
 - (d) to provide fair treatment to both the whistleblower and the alleged wrongdoer when a Disclosure is reported.

3. APPLICATION OF POLICY

- i. This Policy applies to all employees and third parties who have become aware of or genuinely suspects on a reasonable belief that an employee of the Company or Group has engaged, is engaged or is preparing to engage in any Improper Conduct.
- ii. Any provision in any contract of employment which purports and/or intends to prevent the making of a disclosure of Improper Conduct shall be void to the extent that it



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purports and/or intends to prevent the making of the Disclosure or the implementation of any provision of this Policy.

4. LIMITATIONS OF POLICY

- i. This Policy does not however, cover any issues, complaints or concerns in relation to:
 - (a) matters of grievances in nature;
 - (b) matters which are trivial or frivolous in nature; or
 - (c) matters which are motivated by malice.
- ii. If an employee is unsure whether a particular act or omission constitutes an Improper Conduct under this Policy, the employee is encouraged to seek advice from his or her immediate superior or Head of Department or Human Resource Department (“HR”).

5. WHO DOES THE POLICY APPLY TO

- i. This Policy applies to the Company’s employees including employees on contract terms, temporary or short-term employees and employees on secondment within the Group.
- ii. To facilitate due and fair investigation process, any person who discovers or suspects any Improper Conduct within the Company and/or Group, should not attempt to conduct investigations personally but to immediately report the matter as per the Procedures stated in this Policy.

6. IMPROPER CONDUCT

Following are examples of Improper Conduct. However, the list is not exhaustive and may include other matter(s) the whistleblower has reasonable belief and confidence of the improper conduct:

- a. Failure to comply with legal obligations;
- b. Criminal offence;
- c. Corruption or fraud;
- d. Misuse or abuse of the Company’s or Group funds or assets;
- e. Gross mismanagement within the Company or Group;
- f. Serious financial irregularity or impropriety within the Company or Group;
- g. Repeated ill treatment of a client/customer/supplier despite a complaint being made;
- h. Serious breach of the Company’s Code of Conduct and Ethics or Conflict of Interest Policy for its employees and directors;
- i. Actions which endanger the health or safety of employees or the public;
- j. Failure to comply with the provisions of the Government Laws and Regulations where the wrongdoer, knowingly, disregards or does not comply with such provisions;
- k. Knowingly directing or advising a person to commit any of the above wrongdoings; and
- l. Any action which is intended to conceal any of the above.



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7. DISCLOSURE OF IMPROPER CONDUCT

- i. An employee or third party who becomes aware of an alleged Improper Conduct is encouraged to make a Disclosure as soon as possible.
- ii. The whistleblower needs to demonstrate that he or she has reasonable belief of the Improper Conduct.
- iii. In order to give the Company an opportunity to investigate the alleged Improper Conduct and to take the necessary internal corrective actions, whistleblowers are encouraged to lodge a report by providing, to the extent that is possible, the following information:
 - (a) description of the Improper Conduct and the people/party (ies) that are involved (to state whether they are employees of the Company or external parties);
 - (b) details of the Improper Conduct, including the relevant dates of occurrence;
 - (c) particulars of witnesses, if any; and
 - (d) documentary evidence, if any.
- iv. A Disclosure of Improper Conduct may still be made, subject to Paragraph 7(ii), although the person making the Disclosure is not able to identify a particular person to which the Disclosure relates.
- v. When there is more than one Disclosure made at a time, the Disclosures may be prioritised according to the nature or gravity of the alleged Improper Conduct or reported risks and the magnitude of the repercussions.

8. PROCEDURES IN DISCLOSING AND HANDLING WHISTLEBLOWING OF WRONGDOINGS

- i. When an employee is of the opinion that a specific misconduct falls within the scope of this Policy and cannot be solved through existing procedures, he or she can choose to make a report in writing and submit it to his/her **Head of Department or HR**.
 - (a) The whistleblower should provide all details of his or her concerns as reasonably possible, including:
 - 1) Nature of wrongdoing;
 - 2) The date of incidence;
 - 3) Time and place of its occurrence;
 - 4) The identity of the alleged wrongdoer;



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- 5) Particulars of witnesses, if any;
 - 6) Particulars or production of documentary evidence, if any.
- ii. The employee can also directly contact the Group Chief Executive Office when he or she has a reasonable belief that there is serious malpractice relating to any of the wrongdoings specified in Paragraph 6 and it would not be properly dealt with by reporting to his/her **Head of Department or HR**.
 - iii. The whistleblower is required to disclose his or her particulars including, name, designation, current address and contact numbers. Anonymous complaints would not be entertained and covered by this Policy.
 - iv. The whistleblower may be asked to provide further clarifications and information from time to time, for example, if an investigation is conducted.
 - v. In respect of an employee who reports a suspected violation in good faith and is not engaged in questionable conduct, the Company will attempt to keep its discussions and actions confidential to the greatest extent possible.
 - vi. However, there may be circumstances where the employee may be needed as a witness. Should this be the case, the Company will discuss the matter with the employee at the earliest opportunity. In addition, in the course of investigation, the Company may need to share information with others on a “need to know” basis.
 - vii. For Disclosure concerning the Company’s Management and/or Senior Management/Directors, the reporting shall be directly to Senior Independent Non-Executive Director at the following email address:

Email Address: whistleblower@hwgb.com

The Senior Independent Non-Executive Director will deliberate the concern with the Board to decide on appropriate course of action.

viii. Reporting Form

A Whistleblowing Form is attached herein as **Annexure “A”**.

9. PROTECTION

- i. Upon making a Disclosure in good faith, based on reasonable grounds and in accordance with the procedures pursuant to this Policy:
 - (a) the whistleblower’s identity will be protected i.e. kept confidential unless otherwise required by law or for purposes of any proceedings by or against the Company and/or Group.
 - (b) the whistleblower will be protected from harassment or victimisation within the Company and/or Group as a direct consequence of his or her Disclosure.



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- ii. The Company and/or Group will not tolerate punishment or unfair treatment when misconducts are raised in good faith. Any employee who reports a contravention or a misconduct will be given protection and shall in no way be put at a disadvantage as a result of his or her Disclosure.
- iii. Where it is determined that there is a prima facie case that the whistleblower has suffered adverse treatment, harassment or victimisation as a result of his or her Disclosure, a further investigation may take place and disciplinary action may be taken against the perpetrator(s) in accordance with the relevant procedure in this Policy and/or the Disciplinary Action under the Company Employee's Handbook.
- iv. If the complaint was made by the whistleblower otherwise than in good faith and based on reasonable grounds, the whistleblower will automatically lose the protections as stated in **Paragraph 9 (i)**. In addition, the Company will determine the action to be taken which may include disciplinary measures, formal warning or reprimand, demotion, suspension or termination of employment or services with the Company in accordance with Disciplinary Action of the Company Employee's Handbook.

This Whistleblower Policy had been approved by the Board of Directors on 30 May 2019. Any changes to this Policy must be approved by the Board prior to adoption.

This Whistleblower Policy was reviewed on 23 December 2021.



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WHISTLEBLOWING FORM

STRICTLY CONFIDENTIAL

(* Denotes mandatory)

1. Contact Information of Whistleblower

Name *
NRIC Number *
Phone Number * Office Mobile
Email Address *

Employment Details *
(for employees only)
Division, Department, Position
(for 3rd parties, please state company name and business relation with the Company or Group)

2. Details of Concern *

Please indicate here, a summary of your concern. You should include details of what your concern is; who is / are involved; why you are concerned; when did the concern arise; if there are other people who can verify your concern. (Use additional sheets if needed).

Blank lines for writing details of concern

3. Evidence*

Please state the supporting documents, witnesses or evidence to substantiate your disclosure (if any) to facilitate investigation. You may also attach the relevant documents. (Use additional sheets if needed).

Blank lines for writing evidence

4. Declaration*

I hereby declare that all the information given herein are made voluntarily and are true to the best of my knowledge and I will ensure that my participation in this matter will be kept confidential. I do understand that the Company will use the information and material provided throughout the investigation process.

(Signature)
Name:
Date:

Instruction to Whistleblower
If you are an employee, you should send this form to your immediate superior, unless he / she is the subject of complaint, then it should be passed to the Head of HR, Group Chief Executive Officer or the Senior Independent Non-Executive Director.
If you are not an employee, please send this form to the Senior Independent Non-Executive Director.
You will be contacted by a senior member of staff, who will confirm the process to be followed and agree how you are to be contacted in future. Whilst we shall try to keep your name as confidential as possible, please be aware that it may well be necessary to reveal it as part of the investigation process.

Received by:
Date:



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PART VI – APPENDICES



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**APPENDIX A – TERMS OF REFERENCE OF AUDIT AND
RISK MANAGEMENT COMMITTEE**



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AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

The Audit Committee was established on 4 October 1994. In line with the recommendation of Malaysia Code on Corporate Governance, the Audit Committee was renamed to Audit and Risk Management Committee (“ARMC”) on 8 July 2020.

1. OBJECTIVE

- 1.1. To assist the Board in discharging its statutory duties and responsibilities by ensuring:
 - 1.1.1. Accurate and timely financial reporting and compliance with applicable financial reporting standards;
 - 1.1.2. Adequate internal control in the systems and procedures which enable the Group to operate effectively and efficiently;
 - 1.1.3. That an effective risk management framework is in place to manage risks impacting the Group;
 - 1.1.4. That audits are performed by internal auditors (“IA”) and external auditors (“EA”) objectively and independently; and
 - 1.1.5. The Group complies with applicable laws, rules and regulations and has in place an appropriate code of business conduct.

2. MEMBERSHIP

2.1. Composition

- 2.1.1. The ARMC shall be appointed by the Board amongst its directors based on the recommendation of the Nominating Committee (“NC”) and shall comprise at least three (3) members of whom a majority shall be independent directors.
- 2.1.2. If for any reason the number of members at any point in time is reduced to below three, the Board shall fill the vacancy within three months.
- 2.1.3. The Chairman of the ARMC shall be an independent director appointed by the Board based on recommendation of the NC. The Chairman of the ARMC is not the Chairman of the Board.
- 2.1.4. No alternative Director shall be appointed as a member of the ARMC

2.2. Qualification

- 2.2.1. All members of ARMC must be Non-Executive Directors and financially literate, majority of whom shall be independent directors. At least one member of the ARMC shall:
 - i) Be a member of the Malaysian Institute of Accountants (MIA); or
 - ii) If he/she is not a member of MIA, he must have at least 3 years’ working experience and:
 - He/she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or



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- He/she must be a member of one of the Association of Accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).
 - iv) In compliance with the Malaysian Code on Corporate Governance, a former key audit partner of the Company shall observe a cooling-off period of at least three years before being appointed as a member of the Committee.
- 2.3. Term of Office
- 2.3.1. The term of office and performance of the ARMC and each of its members shall be reviewed annually by the Board; to assess whether the ARMC and its members have carried out their duties in accordance with their terms of reference.
- 2.3.2. A formal evaluation of the performance of all ARMC members should be undertaken by the NC.
3. Authority
- 3.1. The ARMC in performing its duties shall:
- 3.1.1. Have the authority to investigate any matter referred to it or that it has come across in respect of any transaction that raises questions of integrity, possible conflicts of interest of violations of the Company’s policies;
 - 3.1.2. Have full and unrestricted access to the Group and Company’s record, information, properties, personnel and other resources;
 - 3.1.3. Be able to obtain external professional advice and secure the attendance of persons with relevant experience and expertise if it considers necessary; and
 - 3.1.4. Have direct communication channels and be able to convene meetings with the EA, IA or both excluding the attendance of members of the Management, whenever deemed necessary and such meetings with the EA shall be held at least twice a year.
- 3.2. The IA shall report directly to the ARMC and shall have direct access to the Chairman of the ARMC on all matters of internal control and audit. All proposals by Management regarding the appointment, transfer and removal of the IA of the Company shall require prior approval of the ARMC. Any inappropriate restrictions on audit scope are to be reported to the ARMC.
- 3.3. The ARMC shall report to the Board and may from time to time submit to the Board its recommendation on matters within its purview for the Board’s decision.
4. Roles and Responsibilities

The ARMC should assume the following principal responsibilities:



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4.1. Financial Reporting

4.1.1. Review quarterly and annual financial statements of the Company, focusing particularly on:

- i) Changes in or implementation of major accounting policy or accounting standards;
- ii) Significant matters highlighted including financial reporting issues, significant judgement made by Management, significant unusual events or exceptional transactions and how these matters are addressed;
- iii) Financial reporting and disclosures and compliance with regulatory requirements; and
- iv) The going concern assumption.

4.2. Internal Control and Risk Management

4.2.1. Review the adequacy and effectiveness of the Group internal control systems including the controls over financial reporting to ensure that the same are soundly conceived, in place, effectively administered, and regularly monitored.

4.2.2. Review the effectiveness of the Group's Risk Management Framework including the methodology for identifying, evaluating and managing risks with the objective of minimizing losses and maximizing opportunities for the Group.

4.3. Internal Audit

4.3.1. Review the internal audit plan including the adequacy of the scope, approach, methodology, resources and authority of the Internal Audit function in carrying out its audit activities.

4.3.2. Review the findings and audit recommendations reported by IA and follow-up Management's implementation of the recommended actions to ensure all key risks and control issues are addressed.

4.3.3. Review the effectiveness of the audit process and assess competency and performance of the Internal Audit function.

4.4. External Audit

4.4.1. Review with the EA their nature and scope of audit strategy and plan and their proposed audit fee for the year.

4.4.2. Review the EA's findings arising from their audits, particularly on areas of concern raised in the management letter and management's responses to the findings of the EA and the EA's evaluation of the system of internal control, assistance given by the Management to the EA during the course of audit and any other matters the EA wish to discuss (in the absence of Management, if required).

4.4.3. Assess the appointment or re-appointment of the EA based on factors related to the suitability, resources, competency and independence of the EA and review any questions of resignation, dismissal or cessation of office of the EA.



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- 4.4.4. Review any non-audit services performed by the EA taking into consideration the type of services rendered and the fees and ensure that the independent position of the EA is not compromised.
- 4.4.5. The Audit Committee to assess the suitability, objectivity and independence of the external auditor, the Audit Committee establishes procedures that address amongst others:
 - a. The competence, audit quality and resources capacity of the Auditors with reference to *Annual Transparency Report* published by the audit firm;
 - b. Appropriate audit fees to support a quality audit;
 - c. Requirement for non-audit services to be approved by the Audit Committee to check on the independence of the Auditors.
- 4.5. Related Party Transactions
 - 4.5.1. Review related party transactions including disclosure, values of mandates and situations involving potential conflict of interest that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
 - 4.5.2. Review the adequacy of processes that the Company has in place for evaluating, approving, tracking and reporting of related party transactions.
- 4.6. Other Matters
 - 4.6.1. Report to Bursa Securities, if the ARMC views that a matter resulting in a breach of the Bursa Securities Listing Requirements reported by the ARMC to the Board has not been satisfactorily resolved by the Board.
 - 4.6.2. Review dividend distribution strategy and all dividend payments proposed by the Management.
 - 4.6.3. Review issues which are expected to have significant impact to the Group operations and business.
 - 4.6.4. Review the compliance and implementation of policies including for example, the code of conduct, whistle blowing policy and others.
 - 4.6.5. Review the Statement on Corporate Governance, ARMC Report and the Statement of Risk Management and Internal Control for including in the annual report.
 - 4.6.6. Act on any other matters as may be directed by the Board.
5. Secretary
 - 5.1. The Secretary to the ARMC shall be the Company Secretary of the Company.
 - 5.2. The Secretary is responsible to prepare the minutes of the ARMC meetings and circulate the minutes of the ARMC meetings promptly to all members of the ARMC and table the same to the Board for notation.

6. Meetings



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- 6.1. The ARMC shall hold at least four (4) regular meetings per year and as frequently as may be required. The Chairman may call for additional meetings if requested to do so by any committee member, Management, Internal and External Auditors.
 - 6.2. The quorum for the ARMC meeting shall consist of at least two (2) members provided always that the person chairing the ARMC meeting shall be an Independent Non-Executive Director and Independent Directors forming the majority.
 - 6.3. In the event the elected Chairman is not able to attend a meeting, a member of the ARMC shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director.
 - 6.4. Each member of the ARMC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gains the majority votes shall be the decision of the ARMC.
7. Circular Resolution
- 7.1. A resolution in writing signed or approved by letter, telex, telefax or other written electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be described as "Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one or more directors.
8. Amendments, Variation or Modification
- 8.1 The ARMC shall review this Terms of Reference annually or such other intervals as it deems necessary and recommends to the Board on any changes required for its approval.

The Terms of Reference was reviewed on 23 December 2021.



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**APPENDIX B – TERMS OF REFERENCE OF NOMINATION
AND REMUNERATION COMMITTEE**



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NOMINATION AND REMUNERATION COMMITTEE TERMS OF REFERENCE

1. Constitution

The Board of Directors had on 25 November 2002 merged both the Nomination Committee and the Remuneration And Compensation Committee into a new committee known as the “Nomination and Remuneration Committee”.

2. Objective

The Nomination and Remuneration Committee’s primary functions are to:

- a. Propose new nominees for appointment to the Board and members of Board Committees;
- b. Assess the Board, Board Committee(s), directors and committee members on an annual basis; and
- c. Set policy framework and recommend to the Board the remuneration packages and benefits extended to executive directors, and if necessary, drawing external advice. The director concerned shall abstain from deliberations and voting on decisions in respect of his individual’s remuneration package.

3. Composition

The Committee shall comprise of at least two (2) members appointed by the Board, all of whom shall be non-executive directors. The majority of the Committee members shall be independent directors.

4. Chairman

The Chairman of the Committee shall be elected amongst the members of the Committee and shall be a senior independent non-executive director. The Chairman shall chair all meetings of the Committee other than matters concerning himself.

5. Vacancy

In the event a vacancy arises in the Committee, the Board shall fill the vacancy within three (3) months from the date of the vacancy.



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6. Rights of the Committee

The Board must ensure that whenever necessary and reasonable for the performance of its functions, the Committee shall be accorded:

- a. Resources which are required to perform its duties;
- b. Full and unrestricted access to information on the profile of director and proposed candidate for appointment to the Board or Board Committees;
- c. Direct communication channels with key management staff such as human resource personnel, finance, secretarial or independent consultants engaged by the Company; and
- d. Authority to obtain independent professional advice.

The Board shall have the ultimate authority to decide on the suitability of the nominees, to approve their appointments and the remuneration package of the executive directors. The remuneration package for non-executive directors shall be determined by the full Board.

7. Responsibilities

The Committee is responsible to:

- a. Define and review the criteria set for the selection of candidates to the Board;
- b. If the selection is based on recommendations by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.
- c. Review and determine the composition of the Board in compliance with Listing Requirements of Bursa Malaysia Securities Berhad;
- d. Undertake annual review of the required mix of skills, experiences and other qualities, including core competencies within the Board, and report to the Board its finding;
- e. Assess the Board, Board Committee(s), directors and committee members on annual basis;
- f. Performance evaluations of the Board and Senior Management should include a review of the Board's and Senior Management's performance in addressing the Company's material sustainability risks and opportunities.
- g. Review and recommend the remuneration package of executive directors; and
- h. Ensure that the remuneration package of executive directors commensurate with the responsibilities they undertake.

8. Functions

The Committee's functions are classified into the following two areas:

A. NOMINATION

The Committee is to:

- i. Develop and formulate a formal and transparent procedure on selection criteria of candidates for appointment to the Board;



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- ii. Ensure succession planning is being carried out;
- iii. Review the nominated candidate's experience and level of responsibilities required to be undertaken by the nominated candidate as director, the candidate's past and present experiences if applicable and his other commitments, resources and time available for contribution to the Board;
- iv. Recommend to the Board, candidates for appointment by the Board;
- v. Recommend to the Board, appointment of directors to fill vacancy in Board Committee;
- vi. Review the terms of appointment of new directors and establish principal duties and responsibilities;
- vii. Review the selection program from time to time to gauge its adequacy, results and effectiveness;
- viii. Undertake annual review of the required mix of skills, experiences and other qualities, including core competencies within the Board, and report to the Board its finding; and
- ix. Assess on an annual basis the:
 - a. Effectiveness of the Board as a whole;
 - b. Effectiveness of its various committees;
 - c. Contribution of each individual director; and
 - d. Independence of the independent director.

B. REMUNERATION

The Committee is to:

- i. Develop and formulate a transparent policy on remuneration of directors and setting the remuneration package of individual director;
- ii. Adopt a formal and transparent procedure for setting the remuneration package of the director to be determined based on objective considerations of the merits and values of a director's contribution to the Company;
- iii. Ensure that the executive director remuneration and reward is link to corporate and individual performance;
- iv. Ensure that the remuneration package is sufficient to attract and retain the directors needed to manage the Company successfully; and
- v. Review the remuneration packages from time to time to gauge its competitiveness and attractiveness.

The Committee shall also perform such other functions assigned by the Board of Directors.

9. Meetings

- i. The Committee shall meet at least once a year;
- ii. Notice of a meeting of the Committee shall be given to all members in writing via facsimile or email or by hand delivered or by courier;
- iii. The quorum for a meeting of the Committee shall be two (2) members present in person;
- iv. Attendance of a meeting may be by being present in person or through participating by means of tele-video conferencing;
- v. The Chairman of the Committee shall be the Chairman of the meeting. If at any meeting the Chairman is not present, the members present may elect one of their members who is an independent director to be the Chairman of the meeting;



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- vi. The Chairman may, with the consent of the meeting at which a quorum is present and if directed by the meeting shall, adjourn the meeting from time to time and from place to place to discuss the unfinished business of which the adjournment took place;
- vii. The decision of the Committee shall be by a majority of votes;
- viii. The Chairman shall have a second or casting vote in the case of an equality of votes;
- ix. A resolution in writing signed by a majority of the Committee members shall be as valid and effectual as if it had been passed at a meeting of the Committee members duly called and constituted;
- x. The Company Secretary shall be the Secretary of the Committee; and
- xi. Minutes of each meeting shall be kept by the Secretary and distributed to each member of the Committee and of the Board. The Committee shall as soon as reasonably practicable report on each meeting to the Board. All minutes of meetings shall be open to inspection by the Committee and the Board of Directors.