



# **HO WAH GENTING BERHAD**

*Company No.: 272923-H*

**BOARD CHARTER**



**HO WAH GENTING BERHAD (272923-H)**

**PART I – BOARD CHARTER**

**HISTORY AND BUSINESS**

**CORPORATE VISION AND MISSION**

1. **OBJECTIVES**
2. **OVERVIEW OF DIRECTORS’ FUNCTIONS**
3. **COMPOSITION OF THE BOARD**
  - 3.1 **Chairman**
  - 3.2 **Managing Director cum Chief Executive Officer**
4. **ROLE OF THE BOARD**
  - 4.1 **Principal responsibilities**
  - 4.2 **Other responsibilities**
5. **APPOINTMENT AND TENURE OF OFFICE**
6. **REMUNERATION FRAMEWORK**
7. **INDUCTION FOR NEW DIRECTOR**
8. **BOARD PROCEDURES**
9. **RIGHTS OF DIRECTORS**
10. **MATTERS RESERVED FOR BOARD’S DECISION**
11. **INTERNAL CONTROL INCLUDING RISK MANAGEMENT**
12. **TIME COMMITMENT OF DIRECTORS**
13. **DIRECTORS’ TRAINING**
14. **BOARD COMMITTEES**
  - 14.1 **Audit Committee**
  - 14.2 **Nomination and Remuneration Committee**
  - 14.3 **Employee Share Option Scheme Committee**
15. **SENIOR INDEPENDENT DIRECTOR**
16. **SHAREHOLDERS AND INVESTOR RELATION**
17. **COMPANY SECRETARY**
18. **CHANGES TO BOARD CHARTER**



**HO WAH GENTING BERHAD (272923-H)**

**PART II – CODE OF ETHICS**

- A. INTRODUCTION
- B. PRINCIPLE
- C. PURPOSE
- D. DEFINITION
- E. CODE OF ETHICS FOR DIRECTOR

**PART III – CONFLICT OF INTEREST POLICY**

- A. DISCLOSURE OF POTENTIAL CONFLICT OF INTEREST

**PART IV – CORPORATE DISCLOSURE POLICY**

- 1. OBJECTIVE
- 2. IMMEDIATE DISCLOSURE OF MATERIAL INFORMATION
- 3. MAINTAINING CONFIDENTIALITY OF INFORMATION
- 4. INSIDER TRADING
- 5. CHANGES TO POLICY

**PART V – APPENDICES**

- Appendix A - Terms of Reference of Audit Committee
- Appendix B - Terms of Reference of Nomination and Remuneration Committee



**HO WAH GENTING BERHAD** (272923-H)

**PART I – BOARD CHARTER**



**HO WAH GENTING BERHAD** (272923-H)

## **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 principal activities of the Company are that of an investment holding company and the provision of management services. The principal activities of its subsidiary companies are manufacturing and trading of wires and cables, moulded power supply cord sets, cable assemblies for electrical and electronic devices and equipment, and tin mining.

Its associates companies are involved in travel, tour coaches chartering, and consultancy for relocation under the program of “Malaysia My Second Home”.



**HO WAH GENTING BERHAD** (272923-H)

## **VISION STATEMENT**

***“Customer Oriented, Quality Assurance and Price Competitiveness”***

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

## **MISSION STATEMENT**

Our focus is:

- Our Customers* : To provide quality products and services that fully meet their requirements and expectations. To develop new and innovative products to improve their competitiveness within their markets.
- Our Employees* : To provide a safe working environment that encourages trust, commitment and personal development and involvement.
- Our Stockholders* : To manage the business profitably for continuation and growth of the Company.
- Our Environment* : To respond pro-actively to environmental issues as a part of our business approach in the production process especially to adopt the practices of using the most environmental friendly, ecological and cost effective extraction method.
- Our Community* : To promote good spirit of corporate citizenship culture and contribute towards fulfillment of social responsibility.



HO WAH GENTING BERHAD (272923-H)

## 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, 1965, Bursa Malaysia Listing Requirements, Capital Markets and Services Act 2007, Code of Corporate Governance, any other applicable rules or regulations and Company’s Articles of Association.

### 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.

### 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.



**HO WAH GENTING BERHAD (272923-H)**

**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;
- 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





## HO WAH GENTING BERHAD (272923-H)

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;
- 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.



**HO WAH GENTING BERHAD (272923-H)**

**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.
- 4.2 Other Responsibilities of the Board shall include:
- a. 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;
  - b. 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;
  - d. Approving quarterly financial statements, yearly financial statements and any other reports or circular to shareholders and public announcements;
  - c. 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;
  - e. 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;
  - f. Presenting a balanced and understandable assessment of the Company's position and prospects;
  - g. Maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets;
  - h. Establishing an audit committee with written terms of reference which deal clearly with its authority and duties;



**HO WAH GENTING BERHAD (272923-H)**

- i. 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;
- j. Monitoring management's success in implementing policies and strategies approved by Board;
- k. Reviewing management reports, budget reports and other reports presented by management at regular intervals as determined by the Board;
- l. Establishing a human resource policy for the Group;
- m. Reviewing and approving the corporate objectives, which the Managing Director cum Chief Executive Officer is responsible for achieving;
- n. Reviewing the term of office and performance of the audit committee and each of its members at least once in every three years; and
- o. Reviewing and assessing the independence of independent Directors annually.

**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 Articles of Association, 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 9<sup>th</sup> 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.



**HO WAH GENTING BERHAD (272923-H)**

**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;
- 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 130);
- 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



**HO WAH GENTING BERHAD (272923-H)**

- 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;
- 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 Memorandum and Articles of Association;
- 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.



**HO WAH GENTING BERHAD (272923-H)**

**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, control 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 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.

**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 Pursuant to the provision of Article 109 (i) of the Company's Articles of Association, Director who had been absent for more than 50 percent of the Board meetings held during the financial year shall automatically vacate from office, unless he/she obtains waiver from Bursa within 10 market days of the event; and
- 12.3 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.



**HO WAH GENTING BERHAD** (272923-H)

**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 terms 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 Committee, Nomination and Remuneration Committees, and ESOS Committee.

**14.1 Audit Committee**

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

The Audit 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 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 Committee. The Audit Committee's roles and functions are narrated in the attached Appendix A, "Terms of Reference of the Audit 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 to assess and evaluate the performance of the executive directors. 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.



**HO WAH GENTING BERHAD** (272923-H)

Dato' Mohd Shahar Bin Abdul Hamid 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.

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: [www.hwgenting.com.my](http://www.hwgenting.com.my), [www.hwgwirecable.com.my](http://www.hwgwirecable.com.my), [www.hwgholidays.com](http://www.hwgholidays.com) and [www.hwgenting-mm2h.com](http://www.hwgenting-mm2h.com) providing information on the Company, the Group's various core businesses which shareholders, investors and public may surf.

**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.

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.





**HO WAH GENTING BERHAD** (272923-H)

**PART II – CODE OF ETHICS**



**HO WAH GENTING BERHAD** (272923-H)

## **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;



**HO WAH GENTING BERHAD (272923-H)**

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.



**HO WAH GENTING BERHAD** (272923-H)

**PART III – CONFLICT OF INTEREST POLICY**



HO WAH GENTING BERHAD (272923-H)

## CONFLICT OF INTEREST POLICY

### *Disclosure of potential conflict of interest*

Pursuant to Section 131 of the Companies Act, 1965, 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 131 (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 131 (5)].

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 131 (4)].

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 130). 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 131 (7)].

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.



**HO WAH GENTING BERHAD** (272923-H)

**PART IV – CORPORATE DISCLOSURE POLICY**



HO WAH GENTING BERHAD (272923-H)

## 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”*.



**HO WAH GENTING BERHAD (272923-H)**

**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:

<b>Events</b>	<b>Timing of Announcement</b>
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.





**HO WAH GENTING BERHAD (272923-H)**

**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:

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



**HO WAH GENTING BERHAD** (272923-H)

**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.



**HO WAH GENTING BERHAD** (272923-H)

**PART V – APPENDICES**



**HO WAH GENTING BERHAD** (272923-H)

**APPENDIX A – TERMS OF REFERENCE OF  
AUDIT COMMITTEE**



**HO WAH GENTING BERHAD** (272923-H)

## **AUDIT COMMITTEE TERMS OF REFERENCE**

### **1. Constitution**

The Audit Committee was established on 4 October 1994.

### **2. Composition**

The Board shall appoint, amongst its Directors, an Audit Committee which shall consist of not less than three (3) members who must be non-executive directors, with a majority of them being Independent Directors.

At least one member of the Committee must be a member of the Malaysian Institute of Accountants and if not, he/she must fulfill the criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad (“LR”).

The Chairman of the Audit Committee shall be appointed by the members of the Committee and he shall be an Independent Non-Executive Director. No alternate director of the Board shall be appointed as a member of the Committee.

In the event of any vacancy arises in the Audit Committee resulting in the number of members becomes less than three (3), the Board shall fill the vacancy within three (3) months of such event.

The Board shall review the terms of office and performance of the Committee and each of its members at least once in every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

### **3. Objectives**

- a. To provide assistance to the Board of Directors in fulfilling its statutory responsibilities pertaining to the financial, accounting records, internal control systems and the reporting practices of the Group.
- b. To oversee and appraise the quality of the audits conducted both by the internal and external auditors and evaluate the adequacy and effectiveness of the Group’s administrative, operating and accounting controls and the integrity of its financial information.



**HO WAH GENTING BERHAD (272923-H)**

**4. Authority**

The Audit Committee is authorized by the Board to investigate any activities within its terms of reference. It is authorized to seek any information it requires from any employees and it has unlimited access to all the Company and its subsidiaries' records and information.

The Audit Committee is authorized by the Board to seek external legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise.

**5. Key Functions, Roles and Responsibilities of the Audit Committee**

- a. To consider the appointment of the internal and external auditors, their audit fees and to enquire on any resignation or dismissal.
- b. To discuss with the external auditors their audit plan, scope and nature of audit, prior to commencement of audit.
- c. To review with the external auditors their evaluation of the system of internal controls, audit report, their management letter and the management's response.
- d. To review the quarterly and year-end financial statements of the Company and the Group for recommendation to the Board for approval focusing particularly on:
  - i. Any changes in or implementation of major accounting policies and practices.
  - ii. Major judgmental areas.
  - iii. Significant adjustments resulting from the audit.
  - iv. Significant or unusual events.
  - v. The going concern assumption.
  - vi. Compliance with accounting standards and other statutory and regulatory requirements.
- e. To discuss problems and reservations arising from the interim and final audits and any matter that the external auditors may wish to discuss (in the absence of management, if necessary).
- f. To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- g. To review the effectiveness of internal control systems and in particular, review the internal auditors' findings and management's response to those findings.



**HO WAH GENTING BERHAD (272923-H)**

- h. To review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises question on management integrity and to ascertain that the procedures established to monitor recurrent related party transactions have been complied with.
- i. The Audit Committee shall have direct communication channels with the internal and external auditors and the senior management of the Group and shall be able to convene meetings with the auditors whenever deemed necessary.
- j. To report any breaches of the LR, which have not been satisfactorily resolved, to Bursa Malaysia Securities Berhad (“Bursa”).
- k. To direct and where appropriate to supervise any special projects or investigation considered necessary and to review investigation reports on any major defalcations, frauds or thefts.
- l. To verify the allocation of share options pursuant to the Company’s Employees’ Share Option Scheme (“ESOS”) as being in compliance with the criteria set out in the Bylaws of the ESOS, at the end of the financial year.

The above functions and duties are in addition to such other functions as may be agreed to from time to time by the Committee and the Board.

## **6. Quorum and Meeting**

The quorum for a meeting shall be any two (2) members of which the majority present must be independent directors.

The Committee shall meet quarterly or as frequent as the Chairman shall decide and it shall be able to convene meetings with the external auditors, the internal auditors, or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Committee shall meet at least twice during a financial year with the external auditors without the presence of executive board members or management.

The Audit Committee meeting shall be attended by its members and the Secretary. Members of the management, employees, other directors and representatives of the internal and external auditors shall attend the meeting only by invitation of the Audit Committee.

Upon request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.

The attendance of a meeting may be by being present in person or through participating by means of tele-video conferencing.



**HO WAH GENTING BERHAD** (272923-H)

## **7. Secretary**

The Company Secretary shall act as the Secretary to the Audit Committee.

## **8. Procedures of Audit Committee**

Notice of a meeting of the Audit Committee shall be given to all members in writing via facsimile or email or by hand delivered or by courier.

The Chairman of the Audit Committee shall be the Chairman of the meeting. If at any meeting the Chairman is not present, the members present may choose one of their members who is an independent director to be the Chairman of the meeting.

A resolution put to vote shall be decided by a majority of votes of the members present and each member shall have one vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

The Audit Committee may deal with matters by way of circular resolution in lieu of convening a formal meeting, signed by majority of the Committee members.

Minutes of each meeting shall be kept by the Secretary and distributed to each member of the Audit Committee and of the Board of Directors. The Chairman shall as soon as practicable report on each meeting to the Board of Directors. All minutes of meetings shall be open to inspection by the Audit Committee and the Board of Directors.





**HO WAH GENTING BERHAD** (272923-H)

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



**HO WAH GENTING BERHAD** (272923-H)

## **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 on-going 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.



**HO WAH GENTING BERHAD (272923-H)**

**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. Review and determine the composition of the Board in compliance with Listing Requirements of Bursa Malaysia Securities Berhad;
- c. Review and recommend the remuneration package of executive directors; and
- d. 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;
- 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;



**HO WAH GENTING BERHAD (272923-H)**

- 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 member who is an independent director to be the Chairman of the meeting;



**HO WAH GENTING BERHAD** (272923-H)

- 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.