



MUDA HOLDINGS BERHAD
(197101000036 [10427-A])

**DIRECTORS' FIT
AND
PROPER POLICY**

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DIRECTORS' FIT AND PROPER POLICY

1.0 INTRODUCTION

1.1 Overview

Muda Holdings Berhad ("Muda" or "the Company") is committed to meeting its obligations under Paragraph 15.01A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR") – Fit and Proper Policy.

Individuals appointed as Directors and subjected to re-election as Directors of Muda and its subsidiaries are required to possess the competence, character, diligence, honesty, integrity and judgement to perform properly the duties of that position, in tandem with good corporate governance practices. Accordingly, the Company must prudently manage the risk to its business or financial standing that a person acting as Director is fit and proper.

The purpose of the Directors' Fit and Proper Policy ("this Policy") is to set out the Company's approach to the assessment of the fitness and propriety of persons who hold, or who are to be appointed, elected or re-elected to be a Director.

2.0 RESPONSIBILITY

2.1 The Board's Commitment and Responsibility

In the application of this Policy, the Board and the Nomination Committee are primarily responsible for ensuring that all Directors fulfil fit and proper requirements and for conducting assessments of the fitness and propriety of Directors or a designated committee under the delegated authority of the Board and the Nomination Committee.

The Board is committed to ensuring that each person who is a Director has the appropriate skill and experience to commensurate with the role that they hold, and will make all final determination on the fitness and propriety of responsible persons.

2.2 Nomination Committee Responsibility

The Nomination Committee ("NC") (with the assistance of the Company Secretary or such other senior officer so appointed, where appropriate) is responsible for the assessment of existing directors or candidates for nomination and appointment as a director of the Company and its subsidiaries and making recommendations to the Board on these matters.

2.3 Secretarial, Legal and Compliance Responsibility

The Company Secretary is responsible for:

- (a) Ensuring that appropriate fit and proper assessments are carried out for each person;
- (b) Making submissions about any matters that are relevant to a particular assessment of a person's fitness and propriety;
- (c) Providing information to the NC on matters concerning the procedure for fit and proper assessments; and
- (d) Ensuring that the Company takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorised access, modifications or disclosure.

3.0 REQUIRED NOTIFICATION

The Company Secretary must keep and maintain a current list of all Directors, in addition to details of the competencies and training required for each Director. The NC will review the list of Directors maintained by the Company Secretary and any changes to that list.

As soon as possible after a person is nominated or proposed for election, appointment or re-election to the Board, the Company will make available to that person a copy of this Policy and the details of competencies and training required for the induction process.

The Company will also take reasonable steps to ensure that that person is aware of, and fully understand this Policy and received a copy of this Policy before any assessment of their suitability to be a Director of the Company is conducted.

4.0 FIT AND PROPER CRITERIA

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

- (a) Probity, personal integrity and reputation**
 - Person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness.
- (b) Competence and capability**
 - Person must have the necessary skills, experience, ability and commitment to carry out the role of a Director; and
- (c) Financial integrity**
 - Person must manage his debts or financial affairs prudently.

The assessment of the above criteria shall have regard to the considerations set out below in Paragraphs 4.1 to 4.3 of this Policy.

4.1 Probity*, Personal Integrity and Reputation

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

- (i) Whether the person is or has been a subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
 - *Quality of having strong moral principles, honesty and decency*
- (ii) Whether the person has contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice;
- (iii) Whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
- (iv) Whether the person or any business in which he has a controlling interest or exercise significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;
- (v) Whether the person has been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct;
- (vi) Whether the person has been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about his honesty and integrity;
- (vii) Whether the person has been associated, in ownership or management capacity with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated;
- (viii) Whether the person has held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while the person was connected with that business;
- (ix) Whether the person has been a director of, or indirectly concerned with the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the licence of which has been revoked under any written law;
- (x) Whether in the past, the person has acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;
- (xi) Whether the person has at any time shown strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations;

- (xii) Whether the person has contributed significantly to the failure of an organisation or a business unit;
- (xiii) Whether the person has at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices; and
- (xiv) Whether the person is free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director which would be disadvantageous to Muda.

4.2 Competency and Capability

Competence and capability are demonstrated by a person who possesses the relevant competence, experience and ability to understand the technical requirement of the business, the inherent risks and the management process required to perform his role as a director effectively.

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

- (i) Whether the person has the appropriate qualification, training, skills, practical experience and commitment to effectively fulfil the role and responsibilities of a Director and having regard to their other commitments; and
- (ii) Whether the person has satisfactory past performance or expertise in the nature of the business being conducted.

In this regard, the examples of competence and capabilities are as follows:

- (i) The person must possess the necessary experience in any of the following industry:
 - Manufacture and sale of industrial grade;
 - Manufacture and sale of corrugated carton boxes and boards;
 - Manufacture of food packaging products;
 - Wastepaper recovery;
 - School bookshops and trading of stationeries; and
 - Other relevant industry
- (ii) The person must possess the necessary functional/technical expertise in any of the following areas:
 - Finance
 - Marketing
 - Legal
 - Risk Management
 - Information Technology
 - Human Resource
 - Other relevant functions/expertise.

4.3 Financial Integrity

Financial integrity is demonstrated by a person who manages his own financial affairs properly and prudently.

In assessing a person's financial integrity, the NC of Muda must consider all relevant factors including but not limited to the following:

- (i) Whether the person has been and will be able to fulfil his financial obligations whether in Malaysia or elsewhere, as and when they fall due; and
- (ii) Whether the person has been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.

The fact that the person may have limited financial means does not itself, affect the person's ability to satisfy the financial integrity criteria.

5.0 APPENDICES

APPENDIX 1

DECLARATION FORM FOR A DIRECTOR OF MUDA AND ITS SUBSIDIARIES

I, _____

NRIC No.: _____ residing at

do hereby solemnly affirm and declare the following:-

Probity, Personal Integrity and Reputation		YES	NO
(i)	Whether you are or has been a subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings. For example, provisions from Whistle Blower Protection Act 2010 or any breach of trust.		
(ii)	Whether you have contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice. For example, provisions from Criminal Procedure Code or Capital Market Services Act, 2007		
(iii)	Whether you have contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies. For example, provisions from Bursa Malaysia Securities Berhad Listing Requirements		
(iv)	Whether you or any business in which you have a controlling interest or exercise significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately.		
(v)	Whether you have been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise would reflect discredit on your professional conduct.		

Probity, Personal Integrity and Reputation (CONT'D)		YES	NO
(vi)	Whether you have been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about your honesty and integrity.		
(vii)	Whether you have been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated.		
(viii)	Whether you have held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while you were connected with that business.		
(ix)	Whether you have been a director of, or indirectly concerned with the management of, any corporation which is being or has been would up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the licence of which has been revoked under any written law. For example, provisions from the Companies Act, 2016 and 1965.		
(x)	Whether, in the past, you have acted unfairly or dishonestly in your dealings with customers, employer, auditors and regulatory authorities.		
(xi)	Whether you have at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations.		
(xii)	Whether you have contributed significantly to the failure of an organisation or business unit.		
(xiii)	Whether you have at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices.		
(xiv)	Whether you are free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of judgement when acting in the capacity of a key responsible person which would be disadvantageous to Muda or Muda's interest.		

Financial Integrity		YES	NO
(i)	Whether you have been and will be able to fulfil your financial obligations, whether in Malaysia or elsewhere, as and when they fall due.		
(ii)	Whether you have been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere. For example, have you been adjudged as a bankrupt or involved in a bankruptcy proceeding.		

I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Signature of Director making the declaration

Date

Name : _____

NRIC No. : _____

In the presence of

Signature

Date

Name : _____

NRIC No.: : _____

APPENDIX 2

1.	Section 198 of the Companies Act, 2016 (Persons Disqualified from being a Director)	<p>(1) A person shall not hold office as a director of a company whether directly or indirectly be concerned with or takes part in the management of a company, if the person:</p> <ul style="list-style-type: none"> (a) Is an undischarged bankrupt; (b) Has been convicted of an offence relating to the promotion, formation or management of a corporation; (c) Has been convicted of an offence involving bribery, fraud or dishonesty; (d) Has been convicted of an offence under sections 213, 217, 228 and 539; or (e) Has been disqualified by the Court under section 199. <p>(2) The circumstance referred to in paragraphs (1)(a), (b), (c) and (d) shall be applicable to circumstances in or outside Malaysia.</p> <p>(3) Notwithstanding subsection (1), a person who has been disqualified under paragraph (1)(a) may be appointed or hold office as a director with the leave of:</p> <ul style="list-style-type: none"> (a) The Official Receiver; or (b) The Court provided that a notice of intention to apply for leave has been served on the Official Receiver and the Official Receiver is heard on the application; <p>(4) Notwithstanding subsection (1), a person who has been disqualified under paragraph 1(b), (c), (d) or (e) may be re-appointed or hold office as a director with the leave of the Court.</p> <p>(5) A person intending to apply for a leave of the Court under paragraph (3)(b) or subsection (4) shall:</p> <ul style="list-style-type: none"> (a) Give the Registrar a notice of not less than 14 days of the person's intention to do so; and (b) Make the Registrar a party to the proceedings under subsection (3). <p>(6) For the purposes of subsection (5), any person referred to in paragraph (1)(b), (c), (d) and (e) shall not be required to obtain a leave from Court after the expiry of 5 years calculated from the date he is convicted or if he is sentenced to imprisonment from the date of his release from prison.</p> <p>(7) Any person who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding 5 years or to a fine not exceeding RM1,000,000.00 or to both.</p>
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	<p><u>SECTION 213 – Duties and Responsibilities of Directors</u></p> <p>(1) A director of a company shall at all times exercise his powers in accordance with this Act, for a proper purpose and in good faith in the best interest of the company.</p> <p>(2) A director of a company shall exercise reasonable care, skill and diligence with:</p> <p>(a) The knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and</p> <p>(b) Any additional knowledge, skill and experience which the director in fact has.</p> <p>(3) A director who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding 5 years or to a fine not exceeding RM3,000,000.00 or both.</p>	
	<p><u>SECTION 217 – Responsibility of a Nominee Director</u></p> <p>(1) Director who was appointed by virtue of his position as an employee of a company, or who was appointed by or as a representative of a member, employer or debenture holder, shall act in the best interest of the company and in the event of any conflict between his duty to act in the best interest of the company and his duty to his nominator, he shall not subordinate his duty to act in the best interest of the company to his nominator.</p> <p>(2) A director who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding 5 years or a fine not exceeding RM3,000,000.00 or to both.</p>	
2	<p>Section 199 of the Companies Act, 2016</p> <p>(Power of Court to disqualify persons from acting as a director or promoter)</p>	<p>(1) The Court, may, on an application by the Registrar make an order to disqualify any person from acting or holding office as a director or promoter of a company, or to be concerned with or taking part in the management of a company whether directly or indirectly, if:</p> <p>(a) Within the last 5 years, the person has been a director of two or more companies which went into liquidation resulting from the company being insolvent due to his conduct as a director which contributed wholly or partly to the liquidation;</p> <p>(b) Due to his contravention of the duties of a director; or</p> <p>(c) Due to his habitual contravention of this Act.</p> <p>(2) An application arising from the circumstances referred to in paragraph 1(a) may be made by the Official Receiver and the Registrar shall be made a party to the proceedings.</p>

	<p>Section 199 of the Companies Act, 2016</p> <p>(cont'd)</p>	<p>(3) Before making an order under subsection (1), the Court may require any person:</p> <p>(a) To furnish the Court with such information with respect to the company's affairs; and</p> <p>(b) To produce and permit inspection of such books or documents relevant to the company.</p> <p>(4) After considering the application and the additional information and documents received under subsection (3), if any, the Court may make an order to disqualify the person from acting or holding office as a director or promoter of a company, or be concerned with or taking part in the management of a company whether directly or indirectly for such period not exceeding 5 years commencing from the date of the order.</p> <p>(5) The Registrar or the Official Receiver shall give notice of not less than 14 days to the person referred to in subsection (1) notifying his intention to apply for an order under this section.</p>
3	<p>Paragraph 15.05 Main Market Listing Requirements of Bursa Malaysia Securities Berhad</p> <p>(Qualification, vacation of office and removal of directors)</p>	<p>(1) A listed issuer must ensure that no person is appointed or allowed to act as a director of the issuer or to be involved whether directly or indirectly in the management of the issuer, including acting in an advisory capacity in relation to the issuer, if he:</p> <p>(a) Has been convicted by a court of law, whether in Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation;</p> <p>(b) Has been convicted by a court of law, whether in Malaysia or elsewhere, of an offence, involving bribery, fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or</p> <p>(c) Has been convicted by a court of law of an offence under the securities laws or the corporation laws of the listed issuer's place of incorporation.</p> <p>within a period of five (5) years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.</p>

4	Article 75 of Muda's Constitution (Office of director to be vacated in certain cases)	<p>Subject as herein otherwise provided and the terms of subsisting agreement, the office of a Director shall be vacated:</p> <ul style="list-style-type: none"> (a) If he dies; (b) If he becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act, 2001; (c) If he becomes disqualified from being a Director under Section 198 or 199 of the Act or any other laws or the Listing Requirements; (d) If he ceases to be or is prohibited from being a Director by virtue of any relevant laws or the Listing Requirements; (e) If by notice in writing given to the Company in accordance with Section 208(2) of the Act, he resigns his office; (f) If he retires in accordance with this Constitution but is not re-elected; (g) If he is removed from office in accordance with the Act or by ordinary resolution of the Company subject to the provisions of this Constitution; or (h) If he is absent from more than 50% of the total board of directors' meetings held during any financial year or such shorter period during which the Director was appointed to his office.
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