



GRAND HOOVER BERHAD (10493-P)

CRITERIA TO ASSESS INDEPENDENCE OF INDEPENDENT DIRECTORS

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

- (a) is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as “said Corporation”);
- (b) has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation and includes –
 - (i) any director, secretary or employee of the said Corporation;
 - (ii) a receiver and manager of any part of the undertaking of the said Corporation appointed under a power contained in any instrument; and
 - (iii) any liquidator of the said Corporation appointed in a voluntary winding up, but does not include –
 - (iv) any receiver who is not also a manager;
 - (v) any receiver and manager appointed by the Court; or
 - (vi) any liquidator appointed by the Court or by the creditors.
- (c) is not a major shareholder of the said Corporation;
- (d) is not a family member of any executive director, officer or major shareholder of the said Corporation;
- (e) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;

Nominee means a person who has been designated to act for another in his or her place. It denotes a person who is accustomed, or is under an obligation, whether formal or informal to act in accordance with the directions, instructions or wishes of another person.

A nominee or representative of major shareholders who fulfils all requirements of the definition of “independent director” except for this paragraph, may nevertheless be considered as an “independent director” if –



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- (i) the major shareholder's aggregate shareholding in the said Corporation, directly or indirectly is not more than 15% of the issued and paid-up capital (excluding treasury shares) of the said Corporation;
 - (ii) the major shareholder is not deemed to be a promoter of the said Corporation; and
 - (iii) the major shareholder is either –
 - (1) a statutory institution who is managing funds belonging to the general public; or
 - (2) an entity established as a collective investment scheme, such as closed-end funds, unit trusts or investment funds (but excluding investment holding companies).
- (f) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad (“BMSB”) or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by BMSB;
- (i) a person who is proposed to be or is an independent director (“said Director”) is disqualified from being an independent director if he –
 - (1) had personally provided professional advisory services to the said Corporation within the last 2 years; or
 - (2) is presently a partner, director (except as an independent director) or major shareholder, of a firm or corporation (“Entity”) which has provided professional advisory services to the said Corporation within the last 2 years,

and the consideration in aggregate is more than 5% of the gross revenue on a consolidated basis (where applicable) of the said Director or the Entity or RM1 million, whichever is the higher.
 - (ii) For the purpose of paragraph (f) (i) above, the following applies –
 - (1) where the Entity is a corporation, the computation of the gross revenue of the Entity must be based on its annual audited financial statements for the last 2 financial years; and
 - (2) where the service is rendered by the said Director personally or by an Entity other than a corporation, the computation of the gross revenue must be based on the income tax returns of the said Director or the Entity, as the case may be, submitted to the Inland Revenue Board for the last 2 years.



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(g) has not engaged in any transaction with the said Corporation under such circumstances as prescribed by BMSB or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by BMSB.

(i) The said Director is disqualified from being an independent director if he –

- (1) had engaged personally in transactions with the said Corporation (other than for board service as a non-executive director) within the last 2 years; or
- (2) is presently a partner, director, a major shareholder, of an Entity (other than subsidiaries of the Company) which has engaged in transactions with the said Corporation within the last 2 years,

and the consideration in aggregate exceeds 5% of the gross revenue on a consolidated basis (where applicable) of the said Director or the Entity or RM1 million, whichever is the higher.

(ii) “Transactions” in this paragraph g (i) above, excludes transactions –

- (1) on normal commercial terms entered into between the said Corporation and the said Director or between the said Corporation and an Entity where the said Director is also a director, major shareholder or partner –

(aa) for personal use of the said Director; or

(bb) for personal investment of the said Director but not for the purpose of carrying on a trade or business;

- (2) on normal commercial terms entered into between the said Corporation and an Entity where the said Director is also a director (and not a major shareholder) but is not involved in the said transactions;

- (3) for the following goods and services, provided that they are sold or rendered based on a non-negotiable fixed price or rate, which is published or publicly quoted and the material terms including the prices or charges are applied consistently to all customers or classes of customers –

(aa) provision or usage of public utility services such as water, electricity and telecommunications and data, postal or courier services, services by licensed institutions as defined under the Banking and Financial Institutions Act 1989 (other than professional advisory services which are subject to paragraph f (i) above), insurance, unit trusts, stockbroking services, public transport, education, medical services, provision or usage of tolled highways, hotel facilities and recreational services,



provision or consumption of fuel on retail or food and beverage at eateries, provision or purchase of goods at retail outlets such as supermarkets, hypermarkets or departmental stores; and

(bb) such other types of goods or services that may be prescribed by BMSB from time to time.

(iii) For the purpose of paragraph g (i) above, the following applies –

(1) where the Entity is a corporation, the computation of the gross revenue of the Entity must be based on its annual audited financial statements for the last 2 financial years; and

(2) where the transaction is entered into by the said Director personally or by an Entity other than a corporation, the computation of the gross revenue must be based on the income tax returns of the said Director or the Entity, as the case may be, submitted to the Inland Revenue Board for the last 2 years.

or

(h) has not served the Company for nine years, (either a consecutive service of nine years or a cumulative service of nine years with intervals).

Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.

In the event the Board retains the said Director who has served in that capacity for more than nine years as an independent director, the Board must justify and seek shareholders' approval subject to the assessment of the Nominating Committee.

The Board must make a recommendation and provide strong justification to the shareholders in a general meeting.

Directors must give effect to the spirit, intention and purpose of the said criteria. If a person does not fall within any of paragraphs (a) to (h) of the said criteria, it does not mean that the person will automatically qualify to be an independent director. The director concerned as well as the board of directors of the Company must still apply the test of whether the said director is able to exercise independent judgment and act in the best interests of the Company as set out in the said criteria.

The paragraphs (a) to (g) of the said criteria are pursuant to the Main Market Listing Requirements.

The paragraph (h) of the said criteria is pursuant to the Malaysian Code on Corporate Governance 2012.