

**TITLE : TERM OF REFERENCE FOR NOMINATION COMMITTEE****1. DEFINITIONS**

"Act"	- the Companies Act 2016;
"Board"	- the board of directors of the Company;
"Chairman"	- the chairman of the Board and is used in a gender neutral sense;
"Company"	- Hua Yang Berhad;
"Management"	- the management personnel of the Company;
"Directors"	- directors of the Company;
"Secretary"	- the Board secretary or the person normally exercising the functions of a Board secretary;
"Committee"	- Nomination Committee members.

**2. COMPOSITION**

- 2.1 The Board shall elect a Nomination Committee from amongst themselves (pursuant to a resolution of the Board of Directors), comprising at least three (3) Directors, all of whom should be Non-Executive Directors of the Company, a majority of whom must be independent.
- 2.2 The members of the Nomination Committee shall elect a Chairman from amongst themselves.
- 2.3 If the members of the Nomination Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.
- 2.4 The membership of the Nomination Committee should be disclosed in the Company's Annual Report.

**3. OBJECTIVES**

- 3.1 The primary objectives of the Nomination Committee are:-
- (i) To annually review the required mix of the skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

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- (ii) To develop and maintain a formal and transparent procedure for making recommendation on appointments and re-appointment to the Board of the Company.
- (iii) To review the succession plan of the Board members, including the future Chairman and CEO.
- (iv) To recommend to the Board, Directors to fill the seats on Board Committees.
- (v) To annually assess the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director.
- (vi) To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.

**4. AUTHORITY**

- 4.1 In carrying out their duties and responsibilities, the Nomination Committee will in principle have full, free and unrestricted access to all Company records, property and personnel.

**5. MEETINGS AND MINUTES**

- 5.1 The Nomination Committee shall hold a minimum of one (1) meeting a year, although additional meetings may be called at any time at the Chairman's discretion. It would be desirable that the Notice of Meetings be sent at least seven (7) days before the time set for the meetings together with an agenda to all members of the Committee and any person that may be required to attend.
- 5.2 A quorum for the meeting of the Committee shall be two (2) members and the majority of members present must be independent directors.
- 5.3 The decision of the Nomination Committee shall be decided by a majority of votes, In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question issue, the Chairman shall not have a casting vote.
- 5.4 The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be circulated to all Board members.
- 5.5 The Secretary to the Nomination Committee shall be the Company Secretary.
- 5.6 Minutes of each meeting shall be kept and distributed to each member of the Committee within one (1) month for comment after meeting. A copy of the Minutes is to be tabled at the Board Meeting convening immediately next after the Committee Meeting for notation, ratification of the action taken by the Committee or decision of the Board.

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- 5.7 The Secretary shall also be responsible for recording the proceeding of the Nomination Committee and the minutes of meetings tabled at Board meetings.

**6. DUTIES**

- 6.1 The duties of the Committee should include the following:

- To recommend to the Board, candidates for any directorships proposed to be filled by the shareholders or the Board;
- To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- To assess annually, the effectiveness of the Board as a whole and each individual Director, as well as the effectiveness of the various committees of the Board, including the establishment and implementation of processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each director, including his time commitment, character, experience and integrity and all assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented;
- To review annually, the term of office and performance of each member of the Remuneration Committee and Audit Committee to determine the Committee have carried out their duties in accordance with their terms of reference;
- To access on an annual basis the independence of the Independent Non-Executive Directors;
- To give consideration to succession planning for Directors and other Senior Managements, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future;
- In identifying suitable candidates, the Nomination Committee shall:-
  - (a) consider candidates from a wide range of backgrounds;
  - (b) consider candidates on merit, against objective criteria with due regard for the benefits of diversity on the Board, including gender; and
  - (c) ensure that once appointed, appointees have enough time available to devote to the position of Director.
- To act in line with the directions of the Board of Directors.

**7. Revision of Terms of Reference**

- 7.1 Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third parties, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision/amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised/amended.

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8.1 This Terms of Reference was reviewed and approved by the Board of Directors on 24 January 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

**Chairman**  
**Board of Directors of Hua Yang Berhad**