
KHEE SAN BERHAD (Co No : 304376-A)

(Incorporated in Malaysia)

NOMINATING COMMITTEE

TERMS OF REFERENCE

A. COMPOSITION

1. The Nominating Committee (“NC”) is a committee of the Board of Directors.
2. The NC must be comprised of not fewer than three (3) Members composed exclusively of Non-Executive Directors, of whom a majority of them must be Independent Directors.
3. The NC must ensure that no Alternate Director is being appointed as a Member of the Committee.

B. RETIREMENT AND RESIGNATION

1. All the Members shall retire, at least once in every three (3) years. 1/3 of the Members, being the longest in office, shall retire immediately after the Annual General Meeting of the Company.
2. When the Member ceases to be a Director of the Company, he shall also cease to be a Member of the NC.
3. In the event, if there is a vacancy in the NC, such vacancy must be filled within three (3) months.

C. CHAIRMAN

1. The Members shall elect a person amongst themselves who is an Independent Director as the Chairman of the Committee. The Chairman of the Committee shall be approved by the Board of Directors.
2. In the absence of the Chairman, one (1) of the other NC Members shall be elected as the Chairman for that Meeting.

D. SECRETARY

1. The Secretary of the Board of Directors shall be the Secretary of the NC.

E. ATTENDANCE OF OTHER DIRECTORS AND EMPLOYEES

1. The NC shall invite other Directors and Employees of the Company to attend the NC Meetings, as and when necessary.

F. RIGHTS OF THE NC

1. The NC, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company, shall have the authority to carry out the followings :-
 - 1.1 develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors;
 - 1.2 contribute towards ensuring that the composition of the Board of Directors meets the needs of the Company.

G. QUORUM

1. The quorum shall consist of two (2) members, the majority of the Members present at such Meeting, must be Independent Directors.

H. PROCEDURE

1. *Calling of meetings*

- 1.1 The NC may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once in a financial year or more frequently as deemed necessary. Additional Meetings may be called at any time by the Chairman upon the request of any Committee Members or at the Chairman's discretion.

2. *Notices to be given of Meetings*

- 2.1 The Notice of the Meeting shall be given to the Members at least seven (7) days by the Secretary of the NC before the Meeting, either by electronic or manual. Shorter notice may be given if agreed by a majority of the Members.

3. *Proceedings of Meetings and Votings*

3.1 The Chairman shall determine the proceedings of the Meetings and its voting process as he or she deems fit.

4. *Keeping of minutes*

4.1 The minutes of the Meeting shall be kept in accordance with the rules and regulations of the Malaysian Companies Act.

5. *Custody, production and inspection of minutes of Meetings*

5.1 The Chairman shall determine the process of the custody, production and inspection of the minutes of the NC Meetings.

I. FUNCTIONS AND DUTIES

1. The functions and duties of the NC, shall include :-

- (a) assess and recommend to the Board of Directors, the candidature of Directors, appointment of Directors to Board Committees,
 - (i) in assessing suitability of candidates, considerations should be given to the competencies, commitment, contribution and performance;
- (b) undertake an annual assessment of the independence of its Independent Directors. When assessing independence, the NC should focus beyond the Independent Director's background, economic and family relationships and consider whether the Independent Director can continue to bring independent and objective judgment to the Board of Directors' deliberations;
- (c) develop the criteria to assess independence and apply these criteria upon admission, annually and when any new interest or relationship develops;
- (d) facilitate the induction to the Company and training programmes;
- (e) disclose the nomination and election process of the Board Members in the annual report;
- (f) review of the Board's succession plans;
- (g) annual review of the term of office and performance of the Board of Directors, the Board Committees, to determine if the Board of Directors and the Committees have carried out their duties in accordance with their Terms of References.

- (h) ensure that women candidates for directorship in the Board of Directors are sought as part of its recruitment exercise;
- (i) develop the criteria to assess independence;
- (j) provide a statement about the activities of the NC in the discharge of its duties for the financial year under review in its annual report. Such statement must include the requirements set out in paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, are met and contain the following information :-
 - (i) the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of KSB;
 - (ii) the board nomination and election process of directors and criteria used in the selection process; and
 - (iii) the assessment undertaken in respect of its board, committees and individual directors together with the criteria used for such assessment.

J. REVIEW OF THE NC

1. The term of office and performance of Members must be reviewed annually by the NC to determine whether its Members have carried out their duties in accordance with the Terms of Reference. In the event, if it relates to the NC Members himself, the NC Member shall be abstained from deliberation.

K. TERMS OF REFERENCE

1. The NC must ensure that the NC's Terms of Reference be made available on the Company's website.

(Last reviewed on 26 August 2016)