

ENG KAH CORPORATION BERHAD  
Terms of Reference for the Nomination Committee

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## 1.0 Composition of the Nomination Committee

The Finance Committee on the Malaysian Code on Corporate Governance had in March 2000 recommended that a committee of Directors composed exclusively of Non-Executive Directors, a majority of whom are independent, be given the responsibility of proposing new nominees for the Board and for assessing Directors on an on-going basis.

The Nomination Committee of the Company shall be appointed by the Company's Board of Directors via a director's resolution and shall compose of not fewer than three (3) members of whom a majority shall be Independent Non-Executive Directors.

The members of the Nomination Committee shall elect a Chairman from among themselves who is not an Executive Director or employee of the Company or any other companies within the Group. All members of the Nomination Committee, including the Chairman, will hold office only so long as they serve as Directors of The Company.

Members of the Nomination Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company. The Nomination Committee will review and recommend, to the Board for approval, another director to fill up such vacancies.

## 2.0 Members of the Nomination Committee

Members	Position
Independent Non-Executive Director	Committee Chairman
At least half should be Independent Non-Executive Directors	Committee Member

Secretary of the Nomination Committee

Company Secretary

### 3.0 Objectives of the Nomination Committee

In adherence to the call by the Government for self governance, the Finance Committee on Corporate Governance has set out principles and best practices for good governance aimed at increasing the efficiency and accountability of Boards to ensure that the decision making process is not only independent but is seen as independent.

The objective of the Nomination Committee is to ensure that the Directors of the Board bring characteristics to the Board, which provide a required mix of responsibilities, skills and experience. The Nomination Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member.

When a vacancy exists or when it is considered that the Board would benefit from the services of a new Executive Director with particular skills, the Nomination Committee selects one or more candidates with the appropriate expertise and experience. The Nomination Committee may use the services of a professional recruitment firm. The Nomination Committee will then make its recommendation on the candidates for submission to the Board for approval. The same procedure applies to potential candidates who wish to fill the vacancies for directorships.

In developing its procedures on appointments to the Board and making its recommendations to the Board, the Committee will take account of the need for the Board to operate on an open and transparent appointment process. This will normally include public advertisement but will not exclude direct approach being made to individuals who may be suitable or organisations that may be able to advise.

### 4.0 Duties and Responsibilities of the Nomination Committee

The following are the main duties and responsibilities of the Committee collectively. These are not exhaustive and can be augmented if necessary by the overall Board approval:

- 4.01 Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness and ensure that at every annual general meeting, one-third of the Directors for the time being shall retire from office. A retiring Director shall be eligible for re-election. Every director, including the Chief Executive Officer, shall be subject to retirement at least once in every 3 years.

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- 4.02 Review annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the board and disclose the same in the Annual Report.
- 4.03 Review annually the terms of office and performance of an audit committee and each of its members to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.
- 4.04 Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- 4.05 Ensure that the appointment of any Executive Director or Chief Executive Officer of the Company shall be for a fixed term not exceeding three years at any one time with power to reappoint, remove or dismiss thereafter.
- 4.06 Recommend to the Board, candidates for all directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder to be filled by the shareholders or the Board and Directors to fill the seats on the Audit, Nomination, Remuneration or other Committees. A description/specification for the new Directors should be drafted before identifying possible candidates. Candidates should be evaluated against this specification.
- 4.07 Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director based on the process implemented by the Board.

## 5.0 Power of the Nomination Committee

The Nomination Committee removes from the CEO, the general responsibility for constituting the Board. The Nomination Committee should not have the delegated power from the Board to implement its recommendations but should be obliged to report its recommendations back to the full Board for its consideration and implementation. This is in recognition of the importance of chemistry within the Board and the need for Board membership to be endorsed by all or the majority.

In carrying out its duties and responsibilities, the Nomination Committee will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Nomination Committee may use the services of professional recruitment firms to source for the right candidate for directorship or sought independent professional advice whenever necessary.

## 6.0 Frequency of Meetings

It is good practice for the Nomination Committee to hold a minimum of at least two meetings in a year. The Committee will meet as required and report to the Board after each meeting. The number of committee meetings held a year and the details of attendance of each individual member in respect of meetings held should be disclosed annually.

The meeting shall be chaired by the Chairman of the Committee and shall have at least three members of whom two-thirds shall be 'independent' members. The Chairman also has the discretion to call for additional meetings at any time. All recommendations and findings of the Nomination Committee are submitted to the Board of Directors for approval.

The Chief Executive (if not a member of the Nomination Committee) and/or other appropriate officers may be invited to attend where their presence is considered appropriate as determined by the Nomination Committee Chairman.

The Company Secretary shall be in attendance at each Nomination Committee Meeting and record the proceedings of the statutory record of The Company upon adoption by the Committee and a copy each shall be distributed to each member of the Nomination Committee.

## POSITION DESCRIPTIONS

### 7.0 Chairman of the Nomination Committee

The following are the main duties and responsibilities of the Committee Chairman. These are not exhaustive and serve merely as a baseline:

- 7.01 Helps the committee fulfil the goals it sets by assigning specific tasks to members of the committee and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution.
- 7.02 Looks to the Company secretary for guidance to the committee on what their responsibilities are under the rules and regulations to which they are subject and how those responsibilities should be discharged. The compliance advice should extend to embrace all laws and regulations and not merely the routine filing requirements and other administrative requirements of the Companies Act.

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- 7.03 Provides a reasonable time for discussion at the meeting. Organises and presents the agenda for regular or special committee meetings based on input from members and ensures that all relevant issues are on the agenda. In addition, the Chairman should encourage a healthy debate on the issue and bring to the committee a healthy level of scepticism and independence.
- 7.04 Provides leadership to the committee and ensures proper flow of information to the committee, reviewing adequacy and timing of documentation.
- 7.05 Ensures that all members are enabled and encouraged to play their full part in its activities. This includes making certain that all members receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at committee meetings.
- 7.06 Secures good corporate governance and ensures that members look beyond their committee function and accept their full share of responsibilities of governance materials in support of management's proposals. Given the importance and particular nature of the Chairman's role of the committee, in principle it should be separated from that of the CEO.
- 7.07 Manages the processes and working of the committee and for ensuring that the committee discharges their responsibilities. Appropriate procedures may involve the committee meeting on a regular basis without the presence of management.
- 7.08 Reviews annually the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report.
- 7.09 Ensures that every committee resolution is put to a vote to ensure that it is the will of the majority that prevails.

## 8.0 Nomination Committee Members

Each committee member will be expected to:

- 8.01 Provide individual external independent opinions to the fact-finding, analysis and decision making process of the committee, based on their experience and knowledge.
  - 8.02 Consider viewpoints from the other committee members; make decisions and recommendations for the best interest of the Board collectively.
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- 8.03 Keep abreast of the latest corporate governance guidelines in relation to the Nomination Committee and the Board as a whole.
- 8.04 Continuously seek out Best Practice in terms of the processes (selection of Directors etc) utilised by the Nomination Committee, following which these should be discussed with the rest of the committee for possible adoption.
- 8.05 Meet with potential candidates (or a shortlist thereof) and wherever possible recommend them to meet with Board members.