

D'NONCE TECHNOLOGY BHD.

(Company No. 503292-K)
(Incorporated in Malaysia)

Terms of Reference of Nomination Committee

These Terms of Reference shall supersede all previous established terms of reference.

1. AUTHORITY AND GENERAL SCOPE

- 1.1 The Board has constituted the Nomination Committee with the authorities necessary to perform the duties as outlined in these Terms of Reference.
- 1.2 The Nomination Committee is authorised to assess and propose new nominees for the Board and further empowered to assess the existing directors on an on-going basis. The actual decision as to who shall be appointed shall be the responsibility of the full Board after considering the recommendations of the Nomination Committee.
- 1.3 The Nomination Committee in carrying out its tasks under these Terms of Reference may obtain such external or other independent professional advice as it considers necessary to carry out its duties.
- 1.4 The Board will ensure that the Nomination Committee will have access to professional advice both internally and externally at the Company's expense in order for it to perform its duties.
- 1.5 These Terms of Reference may from time to time be amended as required, subject to the approval of the Board.

2. MEMBERSHIP

- 2.1 The Nomination Committee shall consist of not less than 3 Directors appointed by the Board of Directors, all of whom should be exclusively Non-Executive Directors, a majority of whom must be independent.
- 2.2 The Chairman of the Nomination Committee shall be appointed by the Board and he should be the senior independent director as identified by the Board. In the absence of the Committee Chairman, the remaining members present shall elect one of their members, who shall be an Independent Non-Executive Director to chair the meeting.
- 2.3 If the number of members, for whatever reasons, falls below three (3), the Board of Directors shall, within three (3) months of the event, appoints such number of new members as may be required to make up the minimum number of three (3) members.
- 2.4 A member who wishes to retire or resign from the Nomination Committee, while he is still a member of the Board, shall notify the Board in writing by giving at least one (1) month's notice, unless waived or shortened by the Board.

2.5 The office of a member shall become vacant upon the member's resignation/retirement/removal or disqualification as a Director of the Company, or as determined by the Board.

2.6 The Nomination Committee shall have no executive powers.

3. DUTIES AND RESPONSIBILITIES

3.1 Recommend to the Board, candidates for directorship Board Committee membership and senior management taking into consideration, amongst others, various diversity factors of the candidates including skills, knowledge, expertise, experience, professionalism, integrity, ethnicity and gender shall be sought as part of its recruitment exercise. In the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

3.2 The Nomination Committee shall also consider candidates for directorships and senior management proposed by the Chief Executive Officer and within the bounds of practicality, by any other senior management or any director or shareholder.

3.3 To determine the core competencies and skills required of Directors to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies.

3.4 The Nomination Committee shall ensure that time commitment is obtained from a Director on his appointment and the expectations are met.

3.5 To evaluate and recommend the appointment of senior executive positions, including that of the Chief Executive Officer and their duties and the continuation (or not) of their service.

3.6 Regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustment that are deemed necessary.

3.7 To ensure that the positions of the Chairman and Chief Executive Officer are held by different individuals and the Chairman shall be an independent member of the Board. The Nomination Committee shall ensure that the composition of the Board shall consist of at least a majority of independent directors in the event the Chairman is an executive member of the Board.

3.8 Review the size and core competencies of Independent Directors, Board balance and determine if additional Directors are required and also to ensure that at least half of the Board is independent.

- 3.9 Assist the Board to do an annual assessment of independence of its Independent directors and also ensure that the tenure of the Independent directors do not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

- 3.10 Assist the Board to implement a procedure to be carried out by the Nomination Committee for annual assessment on the effectiveness of the Board as a whole, the Board Committee and the contribution of each individual Director, including independent non-executive directors and Chief Executive Officer. Conduct an annual review the term 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. All assessments and evaluation carried out by the Nomination Committee in the discharge of all its functions should be properly documented.
- 3.11 Conduct an annual review on the Board members, Chief Executive Officer and Chief Financial Officer on the required mix of skills, character, experience, integrity, competence and time to effectively discharge their roles.
- 3.12 Establish a clear succession plan and periodically reporting to the Board on succession planning for the Board Chairman and Chief Executive Officer. The Nomination Committee should work with the Board to evaluate potential successors including considering independent sources to identify suitably qualified candidates.
- 3.13 Recommend Directors who are retiring by rotation under the Articles of Association to be put forward for re-election.
- 3.14 Have due regard to the principles of governance and code of best practice.
- 3.15 Keep under review the leadership needs of the organisation with a view of ensuring the continued ability to compete effectively in the organisation's marketplace.
- 3.16 Facilitate board induction and training for newly appointed Directors.
- 3.17 Review training programs for the Board.
- 3.18 Propose to the Board the responsibilities of non-executive Directors, including membership and Chairpersonship of Board Committees.

- 3.19 Review its own performance, at least once a year, and recommend any necessary changes to its Terms of Reference.
- 3.20 Review the term of office and performance of an Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their Terms of Reference.

4. MEETINGS

The Company Secretary shall be the secretary of the Committee.

4.1 Frequency of meetings and attendance

- 4.1.1 Meetings of the Nomination Committee will be held as the Nomination Committee deems to be appropriate; however, the Nomination Committee should meet at least once a year.
- 4.1.2 Meetings should be organised so that attendance is maximised.
- 4.1.3 A meeting may be called, at any other time, by the Chairman of the Nomination Committee or any member of the Nomination Committee. Any Director or management may be invited to the meetings.

4.2 Quorum and voting

- 4.2.1 The quorum for decisions of the Nomination Committee shall be any two (2) members, including at least one independent Director, present and voting on the matter for decision.
- 4.2.2 Each member present shall have one vote. All resolutions passed in the meeting shall be by majority votes. If the votes for and against a resolution are equal, the Chairman of the meeting shall have a casting vote.
- 4.2.3 The notice of each meeting confirming the date, time, venue and agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the Nomination Committee at least 5 business days in advance of each scheduled meeting date. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

4.3 Minutes of Meetings

- 4.3.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Nomination Committee, including the names of those present and in attendance.
- 4.3.2 Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all the members of the Nomination Committee. Such minutes signed by the Chairman of the Nomination Committee shall be conclusive evidence without any further proof of the facts thereon stated.

- 4.3.3 If the Chairman of the Nomination Committee so decides the minutes shall be circulated to other members of the Board any Director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of the Nomination Committee's minutes.

4.4 Annual General Meeting

The Chairman (or in his absence, an alternate to the member of the Nomination Committee) of the Nomination Committee shall attend the Annual General Meeting and be prepared to answer questions concerning the appointment of executive and non-executive Directors and the Nomination Committee's scope.

5. REPORTING PROCEDURES

- 5.1 The Nomination Committee is authorised to regulate its own procedures and in particulars the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.
- 5.2 The minutes of meetings shall be circulated by the Secretary of the Committee to the Committee members. The Chairman of the Committee shall report to the Board after each Nomination Committee meeting.
- 5.3 The Nomination Committee shall liaise with the Board to produce a Nomination Committee's report to be included in the Company's annual report about its activities, nomination and election process of board members and any other information as the Nomination Committee deems necessary to assist the Board in making disclosure in the annual report in accordance with the Best Practices of the Malaysian Code on Corporate Governance.

6. ROLES AND RESPONSIBILITIES OF SENIOR INDEPENDENT DIRECTOR

- 6.1 Acts as a sounding board to the chairman;
- 6.2 Acts as a point of contact between the Independent Directors and Chairman on sensitive issues;
- 6.3 Acts as point of contact for shareholders and other stakeholders on concerns and queries which cannot be resolved through the formal channel of communication;
- 6.4 Provides leadership support and advice to the board in the event that the board is undergoing a period of stress (e.g. conflict between the chairman and chief executive officer or the strategy being followed by the chairman and/or executive officer is not supported by the Board); and
- 6.5 Leads the succession planning and appointment of board members, including the annual review of board effectiveness and ensuring that the performance of each individual director is independently assessed.