

TH HEAVY ENGINEERING BERHAD

(Company No. 634775-D)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF NOMINATION COMMITTEE

(Revised as at 16 April 2019)

1. OBJECTIVES

The principal objectives of the Nomination Committee are to assist the Board of Directors in their responsibilities in nominating new candidates to the Board of Directors, lead the succession planning of the Board members and Chief Executive Officer (or any other person assuming the similar roles and responsibilities) ("**CEO**"), and to assess the performance of the Board, the Board Committees and individual Directors of the Company on an on-going basis.

2. COMPOSITION

The Board of Directors shall elect the Nomination Committee members from amongst themselves and it must be composed of no fewer than two (2) members consisting wholly of Non-Executive Directors, a majority of whom are independent.

The term of office and performance of the Nomination Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Nomination Committee members have carried out their duties in accordance with their terms of reference.

No alternate director shall be appointed as a member of the Nomination Committee.

Retirement and Resignation

In the event of any vacancy with the result that the number of members is reduced to below two (2), the vacancy shall be filled within three (3) months thereof. Therefore, a member of the Nomination Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

3. CHAIRMAN

The Chairman of the Nomination Committee shall be an Independent Director or identified by the Board of Directors.

In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the Nomination Committee meeting.

The Chairman of the Nominating Committee shall:-

- a) lead the succession planning and appointment of Board members, including the future Chairman and CEO; and
- b) lead the annual review of the Board's effectiveness, ensuring that the performance of each individual Director is independently assessed.

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4. SECRETARIES

The Secretaries of the Nomination Committee shall be the Company Secretaries who shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

5. MEETINGS

The Nomination Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion.

The Secretaries shall on the requisition of the members of the Nomination Committee summon a meeting of the Nomination Committee and reasonable notice of every Nomination Committee meeting shall be given in writing, except in the case of an emergency, where the Nomination Committee may waive such requirement.

The Nomination Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

Other Board members and/or employees may attend the Nomination Committee meeting upon invitation of the Nomination Committee.

Questions arising at any meeting of the Nomination Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Nomination Committee shall have a second or casting vote.

6. QUORUM

A quorum shall consist of two (2) members.

7. MINUTES

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Nomination Committee and also to the other members of the Board. The Nomination Committee Chairman shall report on the proceeding of each meeting to the Board.

The minutes of the Nomination Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

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The Nomination Committee members may inspect the minutes of the Nomination Committee at the Registered Office or such other place as may be determined by the Nomination Committee.

8. CIRCULAR RESOLUTION

A resolution in writing signed by a majority of the Nomination Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Nomination Committee duly called and constituted.

Any such resolution may consist of several documents in like form each signed by one (1) or more Nomination Committee members. Any such document may be accepted as sufficiently signed by a Nomination Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of a Nomination Committee member.

9. REPORTING

The Nomination Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Nomination Committee shall report to the Board of Directors on any specific matters referred to it by the Board.

The Company Secretaries shall circulate the minutes of the Nomination Committee meetings to all members of the Board.

10. AUTHORITY

The Nomination Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost and expense of the Company, where necessary and reasonable for the performance of its duties:-

- (a) be able to use a variety of approaches, sources or independent sources to ensure that it is able to identify the most suitable candidates. This may include sourcing from a directors' registry and open advertisements or the use of independent search firms.
- (b) be able to engage independent experts at the cost of the Company, to carry out evaluation on the effectiveness of the Board, its committees and individual directors, if deemed necessary.
- (c) be able to obtain independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

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11. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Nomination Committee are as follows:-

- a) To assess and recommend to the Board, the candidate for directorship, Chairman or CEO, based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.
- b) When identifying candidate for directorship, Chairman or CEO, aside from recommendation by the existing Board members, Management or shareholders, the Nomination Committee shall utilise independent sources or any other sources to identify the suitably qualified candidate.
- c) To assess and examine, on annual basis or as and when required, the size and composition of the Board and Board Committees, with the view to determining the impact of the number upon its effectiveness.
- d) To ensure sufficient diversity and independence in the Board in order to achieve greater depth and breadth in the decision-making process.
- e) To review on annual basis, the required mix of skills, experience, gender diversity and other qualities including core competencies which Non-Executive and Executive Directors should have.
- f) To review on annual basis, the meeting attendance of the Directors at the Board and/or Board Committee(s) Meetings and sufficiency of time commitment of the Directors in discharging their roles and responsibilities in the Company.
- g) To review on annual basis, the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference of the Audit Committee.
- h) To assess on annual basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution and performance of each individual Director.
- i) To review on annual basis, the length of service of each Independent Non-Executive Director and to assess their independence and ability to exercise their independent judgement or their ability to act in the best interest of the Company.
- j) To assess on an annual basis, appointment and re-appointment of Independent Directors. The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. After a cumulative term of nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. However, if the Board intends to retain an Independent Director beyond nine (9) years, it should provide justification and seek shareholders' approval annually. If the Board continues to retain the Independent Director after year twelfth (12th), the

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Board should provide justification and seek shareholders' approval annually through a two-tier voting process.

- k) To review on annual basis, the training programmes attended by the Directors and to identify or recommend the training needs for the Directors.
- l) To consider and recommend the re-election of Directors who will be retiring pursuant to the Company's Articles of Association/Constitution.
- m) To develop and continually review the succession plan for the Board, Chairman and Senior Management of the Company.
- n) To consider and examine such other matters as the Nomination Committee considers appropriate.
- o) To consider any other matters as defined by the Board.

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