

**LIM SEONG HAI CAPITAL BERHAD**  
**Registration No. 202001036664 (1392985-A)**

**TERMS OF REFERENCE FOR NOMINATION AND REMUNERATION COMMITTEE**

**1. Objectives**

- 1.1 The Nomination and Remuneration Committee of Lim Seong Hai Capital Berhad (“**Company**”) (“**Committee**”) was formed by the Board of Directors of the Company (“**Board**”). Its primary function is to assist the Board in the following areas:
- (a) propose new candidates for the Board and Board committees.
  - (b) review the size, composition and diversity of the Board and Board committees;
  - (c) conduct performance evaluation on the Board and Board committees;
  - (d) selection of candidates for the appointment of Managing Director (“**MD**”) as well as Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Legal Officer and/or other equivalent chief officer position (“**Senior Management**”);
  - (e) review the succession planning for the Board and Senior Management; and
  - (f) develop and establish competitive remuneration packages of executive directors, non-executive directors and Senior Management.

**2. Composition**

- 2.1 The Board shall elect from amongst themselves, at least three (3) members of the Board to be the members of the Committee, in which it shall comprise exclusively non-executive directors, a majority of whom shall be independent.
- 2.2 No alternate director shall be appointed as a member of the Committee.
- 2.3 The Chairman of the Committee shall be an independent director or senior independent director appointed by the Board and shall not be the Chairman of the Board.

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- 2.4 The appointment of the Committee member shall terminate when the member ceases to be a director. The Board may revoke the appointment of a Committee member and/or vary the term of appointment of a Committee member at any time as it deems fit.
- 2.5 If a member of the Committee resigns, dies or for any reason ceases to be a member of the Committee, the Board shall fill the vacancy within three (3) months.

**3. Meetings**

- 3.1 The Committee shall meet at least once a year or more frequently as circumstances dictate. The Chairman of the Committee shall call for a meeting of the Committee if a request is made by any Committee member.
- 3.2 The quorum for the Committee meeting shall be two (2) members, a majority of whom shall be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.3 Each member of the Committee is entitled to one (1) vote in deciding the matters deliberated in the Committee meeting.
- 3.4 The decision that gained the majority votes shall be the decision of the Committee.
- 3.5 In the event of an equality of votes, the Chairman of the Committee shall be entitled to a second or casting vote in addition to the votes to which he/she may be entitled as a member of the Committee.
- 3.6 As and when deemed necessary, the Chairman of the Committee, or the Committee with the approval from the Chairman, may invite any person or persons to attend the Committee meetings either for a specific agenda or for the full duration of the meeting.
- 3.7 The MD may be invited to attend the meetings to discuss the performance of the executive directors and Senior Management, and make proposals as necessary. The MD and executive directors shall not take part in any discussion concerning specifically their respective remuneration and the remuneration of the person(s) connected to him/her.

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- 3.8 The Secretary of the Committee (as detailed in Section 4 herein), with the concurrence of the Chairman of the Committee, shall prepare an agenda to be circulated together with the notice of meeting and relevant supporting documents, at least seven (7) days prior to each Committee meeting to the members of the Committee, except for meetings that may require to be conducted at short notice. Reasonable time should be given to the Committee members and other attendees, if any, to consider all relevant materials prior to the Committee meeting.
- 3.9 A meeting of the Committee shall normally be conducted in person to enable effective discussion. However, meetings may also be conducted through virtual means such as telephone conferencing, video conferencing or other methods of simultaneous communication by electronic or telegraphic means as determined by the Committee. The minutes of any meeting conducted as aforesaid signed by the Chairman of the Committee or the Chairman presiding the meeting (where applicable) shall be conclusive evidence of such meeting.
- 3.10 To avoid conflict of interest, a member of the Committee shall abstain from participating in discussions and deliberations on any matters involving him/her and/or person(s) connected to him/her.

**4. Secretary**

- 4.1 The Company Secretary shall act as the Secretary of the Committee.
- 4.2 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee and shall be responsible for the custody, production and inspection of such minutes.

**5. Reporting**

- 5.1 The Chairman of the Committee shall report to the Board on the proceedings of each meeting on all matters within its purview and shall also formally report to the Board on how it has discharged its responsibilities.
- 5.2 The Committee shall make recommendation on matters within its purview to the Board as it deems appropriate where action or improvement is needed in respect of any of such matters.

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- 5.3 The Committee shall assist the Board in making certain disclosures concerning the activities of the Committee and other information in the Company's Annual Report. Such disclosures shall include the application of the Company's fit and proper policy in the nomination and election of its directors, how the relevant listing requirements governing the Company are met and shall contain the following information:
- (a) the list of activities of the Committee in discharging its duties and responsibilities for the financial year;
  - (b) the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Company;
  - (c) the Board's nomination and election process of directors and criteria used by the Committee in the selection process;
  - (d) the assessment undertaken by the Committee in respect of the Board, Board committees and each individual director together with the criteria used for such assessment and its outcome; and
  - (e) the remuneration of the directors of the Company after taking into consideration the services rendered to the Company and its subsidiaries ("Group") for the financial year on a named basis, stating the amount received or to be received from the Company and on a group basis respectively. The disclosure shall include the amount in each component of the remuneration (e.g. directors' fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated money value) for each director.

**6. Authority**

The Committee is authorised by the Board to undertake the responsibilities and duties stated below. The Committee is also authorised to obtain professional or legal advice from independent professional advisors and/or appoint any independent professional advisors it considers necessary to carry out its responsibilities at the expense of the Company.

## **7. Responsibilities and Duties**

In fulfilling its objectives, the Committee shall undertake the following responsibilities and duties:

### **7.1 Nomination Matters**

- 7.1.1 to identify and nominate, for the approval of the Board, candidates to fill the Board vacancies as and when the need arises. The decision as to who shall be appointed shall be the responsibility of the Board after considering the recommendations of the Committee;
- 7.1.2 to review the composition and diversity of each committee of the Board and make recommendations to the Board for the appointment of additional committee members or the termination of existing committee members;
- 7.1.3 in making its recommendations, to assess and consider, among others, the following attributes or factors of that person:
  - (a) skills, knowledge, expertise and experience;
  - (b) professionalism;
  - (c) integrity, commitment (including time commitment), character and competencies to effectively discharge his/her role as a director and/or as a Chairman or members of the relevant Board committees;
  - (d) contribution and performance;
  - (e) considerations for the purpose of boardroom diversity such as cultural background, gender, age and nationality;
  - (f) any business interest that may result in any conflict of interest with the Company and/or the Group; and
  - (g) in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate amongst others, the candidates' ability to discharge such responsibilities/functions, the candidates' background and other activities that qualify him/her to act as an independent director and also whether he/she can act independently from the management;

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- 7.1.4 to develop, maintain and review the criteria to be used in the recruitment process and annual assessment of the directors;
- 7.1.5 to implement a formal and objective annual Board evaluation process to assess the effectiveness and performance of the Board and Board committees (including its size, diversity and composition) and contributions of each individual director, including MDs, executive directors and non-executive directors;
- 7.1.6 to conduct fit and proper assessment on the individual who has been identified and proposed to be appointed as a director or to continue holding the position of a director within the Company prior to the initial appointment or proposed re-election/re-appointment of that director (as the case may be), which includes the review of the independence and terms of office in the case of independent directors which shall be limited to nine (9) years (otherwise may continue to serve on the Board as a non-independent director). The fit and proper assessment on a director shall also be conducted whenever the Company becomes aware of information that may materially compromise a director's fitness and propriety;
- 7.1.7 in recommending possible candidates for the Board and Board committees, the Committee shall consider candidates proposed by the MD and within the bounds of practicability, by any other directors, shareholders or senior officers of the Company. The Company may also utilise independent sources to identify suitably qualified candidates. If the selection of candidates was solely based on recommendations made by the existing directors, shareholders or senior officers, the Committee should explain why other sources were not used;
- 7.1.8 to review and devise onboarding training such as orientation and induction plans for new members of the Board;
- 7.1.9 to assess the training needs of each director for the purpose of upskilling and continuing professional development, review the fulfilment of such training and disclose the requisite details in the Company's Annual Report;
- 7.1.10 to review the selection of final candidates as the Senior Management of the Company and make the appropriate recommendations to the Board for its approval;
- 7.1.11 to review the succession plan for the Board and Senior Management and make recommendations to the Board on succession planning policy for the Board committees and Senior Management;

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- 7.1.12 to review the term of office and performance of the Audit and Risk Management Committee and each of its members annually to determine whether they have carried out their duties in accordance with their Terms of Reference;
- 7.1.13 to recommend to the Board on the engagement of independent experts, where required, to facilitate Board evaluations; and
- 7.1.14 to consider and recommend the re-election of directors subject to retirement by rotation in accordance with the provisions of the Company's Constitution.

**7.2 Remuneration Matters**

- 7.2.1 to recommend to the Board the remuneration policy and package for the MDs, executive directors, non-executive directors and, if applicable, Senior Management to reflect their respective responsibilities and contributions, which policy and package are subject to periodic renewal;
- 7.2.2 to ensure the remuneration arrangements for the Board and, if applicable, Senior Management align with the Group's long-term business objectives through formulating incentive plans to drive organisational performance including key performance indicators and performance hurdles;
- 7.2.3 to communicate with shareholders on the remuneration arrangements of the MDs and executive directors where necessary to promote accountability and transparency; and
- 7.2.4 to review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any change it considers necessary to the Board for approval.

**8. Resolution in Writing**

A resolution in writing, signed by majority of the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members and shall be accepted as sufficiently signed by the Committee members if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of the Committee members.

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**9. Revision of the Terms of Reference**

The Terms of Reference of the Committee shall be reviewed and revised as necessary from time to time to ensure its adequacy and relevance.

Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.

Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

*(This Terms of Reference for the Nomination and Remuneration Committee was approved and adopted by the Board on 6 March 2024)*

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