

LII HEN INDUSTRIES BHD
(COMPANY NO.:199401015681 / 301361-U)

TERMS OF REFERENCE OF NOMINATION COMMITTEE COMPOSITION

COMPOSITION

- (i) The Committee consists solely of non-executive Directors, all of whom are independent and appointed by the Board of Directors. In determining independence, the Board will observe the requirements of Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia and any relevant Bursa Malaysia Practice Notes that may be issued by Bursa Malaysia from time to time.
- (ii) The members of the Committee shall elect from among their number a Chairman who is an independent director.
- (iii) All members shall hold office only for so long as they serve as non-executive directors of the Company.
- (iv) The Company Secretary shall be the Secretary of the Committee.

RESPONSIBILITIES

The principal responsibilities of the Nomination Committee are as follows:

- (i) leads the process and has in place of the criteria used in assessment for Board and Board Committees appointments, re-appointments and making recommendations to the Board;
- (ii) ensures the appropriate Board balance and size; and that the Board has the required mix of skills, experience and other qualities to enable the Board to function efficiently;
- (iii) recommends suitable orientation, educational and training programmes to continuously train and equip the existing and new directors;
- (iv) reviews and recommends to the Board on the succession plans of the Board and senior management;
- (v) conducts evaluation of the Board, Board Committees and individual Directors;
- (vi) reviews the independence of Directors; and
- (vii) reviews the retirement of Directors by rotation for re-election, Directors eligible for re-appointment and the retention of Directors who have served more than nine (9) years as Independent Directors, and to assess their eligibility for re-election, re-appointment or retention prior to recommending to the Board the candidates for re-election.

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APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Articles of Association of the Company set out the process for which its members are appointed to the Board. The Nomination Committee is responsible for evaluating any proposed candidate before recommending the candidate to the Board for appointment.

In the course of identifying and nominating candidates to fill Board vacancies as when they arise or appointment of additional new director, the Committee will evaluate the candidate's skills, knowledge, experience, time commitment, professionalism and integrity, and including, where appropriate, the criteria on assessing the independence of candidate's appointment as non-executive director. In light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of Director.

Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date corporate governance materials published by the relevant bodies.

The Company Secretary is primarily responsible for the induction programme for newly appointed Directors with appropriate assistance from senior Executive directors. The induction programme aims at communicating to the newly appointed directors on the Company's vision, mission, philosophy and nature of business, current issues with the Group, the corporate strategy and the expectations of the Company concerning input from Directors. Induction of Directors may include, but not limited to, the following:

- visit to key sites of the Group;
- furnishing of a copy of the previous board minutes for at least of the past six (6) months, the business plan , pertinent management reports, Board Charter, Code of Conduct, statement of the Whistle blower Policy, Memorandum and Articles of Association of the Company and the Annual Report of the past three (3) years; and
- presentations on individual subsidiary's strengths, weaknesses and future plans.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-appointment by shareholders at the next Annual General Meeting immediately after their appointment.

The Articles of Association also provides that at least one-third (1/3) of the Board, including Managing Director, are subject to retirement by rotation and eligible to offer themselves for re-election at each Annual General Meeting.

In accordance to the policy and procedures established for the Continuation in Office of Independent Directors, the independence of all Independent Directors who have served the Company for more than nine (9) years shall be individually assessed. If the Board is satisfied that the Directors remain independent, shareholders' approval shall be sought for the continuation in office of the Directors concerned as independent Directors at every annual general meeting of the Company.

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The recommendation to approve the continuance of the Independent Director who has served more than nine (9) years is supported by his/her contribution to the Board and the Company's business operations.

BOARD EVALUATION

The evaluation comprises a Board Evaluation, Board Committee Performance Evaluation, Director'/Key Officers' Evaluation, Audit Committee and its Members' Self & Peer Evaluation, and Independent Directors' Self-Assessment.

The Board Evaluation by individual directors is based on specific criteria, covering the board mix and composition, the board process, the key officers' performance, succession plan and board governance. For Self & Peer Evaluation, the criteria include contribution to interaction, knowledge and integrity, and risk management. The criteria for Independent Directors' Self-Assessment include the relationship between the Independent Director and the Group and his involvement in any significant transaction with the Group.

MEETINGS

The Committee normally meets at least one (1) time a year, and such additional meetings as the Chairman shall decide in order to fulfill its duties. The agenda for the Committee meetings, as set by the Company Secretary in consultation with the Committee's Chairman shall be circulated before each meeting to members of the Committee at least five (5) days before the meeting. Upon request of any of its members, the Chairman of the Committee shall convene a meeting of the Committee.

The Company Secretary shall be responsible for the coordination of administrative details including sending out notice of meetings, preparing and keeping minutes of meetings. The minutes of the Committee meetings are to be extended to the Board.

QUORUM

The quorum for the Committee meeting shall consist of two members including the Chairman.

SUPPLY OF INFORMATION

Every members has full and unrestricted access to any information pertaining to the Group's affairs and business and to obtain the advice and services of the Company Secretary, management representative and, if deemed necessary and where appropriate, seek advice from other independent professional advisors for furtherance of their duties at the Company's expense.

OTHER

In general, the Committee shall not have delegated powers from the Board to implement its recommendations but shall be obliged to report its recommendation back to the Board of Directors.