

**K. SENG SENG CORPORATION BERHAD**  
(Registration No. 198501000983 (133427 W))  
(Incorporated in Malaysia)

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

## **1. INTRODUCTION AND OBJECTIVES**

The Nomination and Remuneration Committee (“NRC”) is established by the Board of Directors (“Board”) of K. Seng Seng Corporation Berhad (“KSSC” or the “Company”) to assist the Board on matters pertaining to:

- (a) the nomination, selection, and assessment of Directors and Senior Management<sup>(1)</sup> of the Company, considering the overall stewardship and leadership of KSSC and its group of subsidiaries (“Group”); and
- (b) the remuneration, including the reward and benefits structure, of the Directors and Senior Management of the Company, with the aim to attract, retain, and motivate talents and skills for the effective management of the Group.

This Terms of Reference of the NRC (“TOR”) specifies the authorities and duties of the NRC and shall be read together with KSSC’s Board Charter.

## **2. REVIEW AND UPDATE**

This NRC TOR is approved by the Board of KSSC on 22 April 2025.

The NRC will review this TOR and recommend for the Board’s approval from time to time in line with any changes in relevant legislation, codes or regulations (in so far as they are applicable to this TOR and are mandatory).

## **3. COMPOSITION AND CHAIRMAN**

- 3.1 The composition of the NRC must comprise at least 3 Directors.
- 3.2 All members must be Non-Executive Directors and majority of them must be Independent Directors.
- 3.3 The NRC must appoint a NRC Chairman from amongst its members who is an Independent Director.

## **4. SECRETARY**

- 4.1. The Company Secretary(ies) shall be the secretary(ies) for the NRC.

## **5. ROLES AND RESPONSIBILITIES**

- 5.1 The NRC’s functions include the following:
  - 5.1.1. reviewing and recommending to the Board on an annual basis, the size and composition of the Board, including the number of Directors on the Board, in accordance with **Paragraph 5.2.3 and 5.2.4** of KSSC’s Board Charter. This includes reviewing the core competencies which Non-Executive Directors are expected to bring to the Board;
  - 5.1.2. ensuring the sourcing of candidates for directorships of the Company considers independent sources, apart from recommendations by existing Directors, Management, and major shareholders;
  - 5.1.3 assist the Board to maintain and review the KSSC Group’s Fit and Proper Policy approved by the Board and to be guided by the KSSC Group’s Fit and Proper Policy in the NRC’s activities;

<sup>(1)</sup> Senior Management includes Chief Operating Officer, Chief Financial Officer and such other key senior management as may be determined by the Company from time to time.

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- 5.1.4 assessing and recommending to the Board on candidates for directorships, on the re-election and re-appointment of Directors (including the continuation of the office of Independent Directors whose tenure has exceeded a cumulative term of 9 years), and Directors to sit on Board Committees;
- 5.1.5 assessing and recommending for the Board's approval candidates to fill in positions for the Group's Key Officers;
- 5.1.6 being informed of the selection of Senior Management personnel, other than Key Officers, as approved by the Executive Director;
- 5.1.7 assessing annually the performance and effectiveness of the Board, Board Committees, individual Directors including the independence of Independent Directors, and Senior Management, including an assessment of the training needs of the Directors and Senior Management;
- 5.1.8 facilitating induction programmes for newly appointed Directors and the continuing education programmes for existing Directors;
- 5.1.9 reviewing the training programmes for Senior Management;
- 5.1.10 reviewing the succession planning of the Board and Senior Management;
- 5.1.11 establishing, reviewing, and recommending for the Board's approval the remuneration policies and procedures for Directors and Senior Management, which shall be consistent with the key principles stipulated in **Paragraph 7.3.1** of KSSC's Board Charter;
- 5.1.12 reviewing and recommending to the Board, on an annual basis, the following:
  - 5.1.12.1 the fees, allowances, and other benefits for members of the Board and Board Committees;
  - 5.1.12.2 the remuneration packages and terms and conditions for Executive Directors, taking into consideration their contribution and performance, including the outcome of the annual assessment as presented by the NRC; and
- 5.1.13 being informed of the remuneration for Senior Management as approved by the Executive Director.

The review and recommendation of remuneration packages for Directors and Senior Management shall be in accordance with the remuneration policies and procedures.

## **6 AUTHORITY**

- 6.1 The NRC shall have adequate resources and full and unrestricted access to any information of the Group in performing its duties.
- 6.2 The NRC is also authorised by the Board to obtain external professional advice, if necessary, to discharge its responsibilities. This includes the use of professional recruitment firms for the sourcing of candidates for directorships and obtaining the advice of external consultants on the appropriateness of remuneration package and other employment conditions.

## **7 PROCEDURES OF THE NRC**

### **7.1 Meeting Procedures**

- 7.1.1 The NRC shall meet at least once a year.
- 7.1.2 The NRC Chairman may call for a meeting of the NRC at his/her discretion.
- 7.1.3 The quorum of a NRC meeting shall be two (2) members.

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- 7.1.4 The NRC Chairman shall preside at all NRC meetings. In the absence of the NRC Chairman, a chairman shall be appointed from amongst the members present.
- 7.1.5 NRC meetings shall be attended only by NRC members, while other individuals may be invited by the NRC to attend sessions on relevant matters. The meeting chairman shall exercise the right to require invitees to leave the meeting where necessary.
- 7.1.6 Where unavoidable, in the absence of a meeting, circular resolutions may be used to pass resolutions provided that the proposed matters are sufficiently supported and detailed to facilitate deliberation and informed decision-making.
- 7.1.7 Deliberations at a NRC meeting shall be decided by a majority of votes of members present. The meeting chairman shall have a casting vote in case of an equality of votes.
- 7.1.8 The chairman of an NRC meeting shall brief the Board Chairman on the outcome after each NRC meeting, highlighting significant issues and the NRC's recommendations.
- 7.1.9 Deliberation and resolutions of the NRC shall be documented in minutes. The draft minutes shall be circulated promptly and tabled at the following meeting for NRC confirmation and signing by the NRC Chairman. NRC meeting minutes shall be kept by the Company Secretary(ies).

**7.2 Nomination and Selection of Directors**

- 7.2.1 In identifying candidates for appointment of directors, the NRC shall consider independent sources, and not solely based on recommendations by the Directors, Management, or major shareholders. If no independent sources were used in identifying candidates, the NRC shall explain why the existing sources suffice or why other sources were not used.
- 7.2.2 A description or specification for the directorship should be drafted and approved by the NRC before identifying possible candidates. Candidates should be evaluated against this specification, amongst others.
- 7.2.3 The NRC assesses the Directors and candidates for directorship based on amongst others, criteria established by the Board and the outcome of the annual assessments of the Directors.
- 7.2.4 Taking into consideration the recommendation of the NRC, the Board may:
  - 7.2.4.1 approve the appointment of new Director for filling in casual vacancy; or
  - 7.2.4.2 recommend the re-election or re-appointment of Directors for shareholders' approval at General Meetings.

**7.3 Recommendation of Key Officers**

- 7.3.1 The NRC assesses the candidates for the positions of Key Officers based on amongst others, criteria established by the Board and where relevant, the outcome of the annual assessments of the Key Officers.
- 7.3.2 The Board approves the appointment taking into consideration the recommendation of the NRC.

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**7.4 Being informed of selection of other Senior Management personnel**

- 7.4.1 The Executive Director shall have the power to appoint Senior Management personnel, apart from Key Officer. This includes appointing personnel as directors of the Group's subsidiaries.
- 7.4.2 The Executive Director shall inform the NRC and the Board any changes to the Senior Management of the Group.

**7.5 Assessment of the Board, Board Committees, Directors and Senior Management**

- 7.5.1 The annual assessment shall be conducted via the following approach:
  - 7.5.1.1 review of the Board's composition, having regard to the mix of skills, independence, and diversity;
  - 7.5.1.2 assessment on the effectiveness and performance of the Board as a whole by individual Directors;
  - 7.5.1.3 assessment on the effectiveness and performance of each Board Committee as a whole by their respective members;
  - 7.5.1.4 assessment on the term of office and performance of each member of the Audit and Risk Management Committee via self and peer assessment by the members;
  - 7.5.1.5 self-declaration of independent and review of term of office by Independent Directors;
  - 7.5.1.6 assessment on the performance of individual Directors via self and peer assessment by the Directors; and
  - 7.5.1.7 assessment on the performance of Senior Management (including Key Officers) by the Executive Director to whom they report.
- 7.5.2 The assessment of the Board, Board Committees, individual Directors, and Senior Management (including Key Officers) shall consider the following:
  - 7.5.2.1 whether the Board and Board Committees have discharged their responsibilities stipulated in the Board Charter or the Board Committees' terms of references;
  - 7.5.2.2 whether Board and Board Committee procedures are complied with;
  - 7.5.2.3 the effectiveness and quality of deliberation by the Board and Board Committees;
  - 7.5.2.4 whether the Directors and Senior Management demonstrated their discharge of duties and responsibilities;
  - 7.5.2.5 the qualities demonstrated by Directors and Senior Management, including their character, experience, competence, integrity, and time committed to the discharge of their duties and responsibilities, and whether they satisfy the KSSC Group Fit and Proper Policy;
  - 7.5.2.6 the performance of the Board, Board Committees, individual Directors and Senior Management, considering amongst others, the business targets (e.g. targets developed to monitor progress towards achieving company strategies) and performance in addressing key risks and sustainability risks and opportunities; and

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- 7.5.2.7 a review of whether the Board composition facilitates effective functioning of the Board, considering the tenure of Directors, size and diversity of the Board, required skillsets, level of independence, conflicts of interests, and relevant checks and balance, amongst others.
- 7.5.3 The NRC shall deliberate, and make recommendations to the Board, on:
- 7.5.3.1 the annual assessment outcome and action plans to be taken to improve the effectiveness of the Board, Board Committees, and Directors, and make relevant recommendation to the Board;
- 7.5.3.2 how the annual assessment outcome has influenced Board composition or how Board composition can be improved to enable an effective Board.
- 7.5.4 The NRC shall oversee the performance of the annual assessments and recommend to the Board the outcome together with the training needs and continuing education programmes of each Director and Senior Management personnel arising from the assessments. The Executive Director shall provide relevant recommendations pertaining to the training needs and continuing education programmes for Senior Management personnel.

**7.6 Remuneration Policies and Procedures**

**7.6.1 Remuneration for Non-Executive Directors**

- 7.6.1.1 The remuneration for Non-Executive Directors may include Director fees, meeting allowances, and other benefits and they are to be recommended for shareholders' approval at a General Meeting.
- 7.6.1.2 The remuneration (including remuneration review) for Non-Executive Directors shall consider amongst others, market benchmarking, the size of the Group, the complexity and extent of the responsibility assigned to the Directors, and time commitment required and demonstrated.
- 7.6.1.3 Remuneration for Non-Executive Directors shall be reviewed at least once in every three (3) years and as and when required, and they are subject to shareholders' approval.
- 7.6.1.4 The remuneration structure for Non-Executive Directors, including the fees and benefits payable, shall be reviewed by the NRC, and recommended by the Board for the approval of shareholders.

**7.6.2 Remuneration for Executive Director(s) and Senior Management**

- 7.6.2.1 The Company may have a service contract or a letter of appointment with each of the Executive Director(s) and Senior Management to set out their respective responsibilities, terms and conditions of employment, and remuneration package.
- 7.6.2.2 The remuneration for Executive Director(s) and Senior Management may include base salary and other benefits such as employee allowances, contribution to retirement benefits, insurance and medical benefits packages. The remuneration may also include other short and long-term incentives, as applicable, to align with the Company's short and long-term objectives.

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- 7.6.2.3 The remuneration (including remuneration review) for Executive Director(s) and Senior Management shall consider amongst others, market benchmarking, the size of the Group, the complexity and extent of their roles, responsibilities, and accountabilities, individual achievement of key performance targets, company performance, and other criteria as determined appropriate by the Board, with recommendation from the Executive Director(s) and the NRC.
- 7.6.2.4 Remuneration for Executive Director(s) and Senior Management shall be reviewed annually, or whenever there is a request for adjustment. Director fees (if any) for Executive Director(s) shall be reviewed at least once in three (3) years.
- 7.6.2.5 The remuneration (including remuneration review) for Senior Management shall be assessed or reviewed by the Executive Director(s). The Executive Director's decision shall be reported to the NRC.
- 7.6.2.6 The remuneration (including remuneration review) for the Executive Director shall be assessed or reviewed by the NRC and approved by the Board.  
The NRC shall recommend the remuneration (or remuneration review) for Executive Director(s) for the Board's approval. The Executive Directors shall abstain from deliberation and voting on their own remuneration.

