

**SUNZEN BIOTECH BERHAD (COMPANY NO. 680889-W)
TERMS OF REFERENCE OF NOMINATION COMMITTEE**

1. Composition And Membership

The Nomination Committee shall be appointed by the Board from amongst their numbers and shall:-

- (i) comprise no fewer than three (3) members;
- (ii) comprise exclusively Non-Executive Directors, a majority of whom must be independent; and
- (iii) not include any alternate director as a member of the Nomination Committee.

The office of a Committee member shall automatically be vacated when he ceased to be a director.

In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within three (3) months.

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

2. Chairman

- The Chairman, who shall be selected amongst the Nomination Committee members, shall be an Independent Director.
- In the absence of the Chairman, the meeting shall be chaired by another Nomination Committee member, who is an Independent Director.
- The Chairman's role is to:-
 - (a) Independently lead the succession planning and appointment of Board members, including the chairman, Managing Director and the Chief Executive Officer whilst maintaining contact with the principal shareholders; and
 - (b) Lead governance issues, particularly the annual review of board effectiveness, ensuring that performance of each individual director is independently assessed.

3. Secretary

- The Company Secretary or her nominee shall act as Secretary of the Nomination Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.
- The Secretary or her nominee shall be in attendance at each Nomination Committee meeting and record the proceedings of the meeting thereat and minute the resolutions.
- The Secretary shall also be responsible for keeping the minutes of meetings of the Nomination Committee and circulating them to the Nomination Committee Members. The Nomination Committee members may inspect the minutes of the Nomination Committee at the Registered Office as may be determined by the Nomination Committee.

4. Meetings

- The Nomination Committee shall meet at least once a year and hold additional meetings as and when required, to perform the duties set out in these Terms of Reference.
- The Nomination Committee Meeting shall be called by the Secretary of the Nomination Committee at the request of the Chairman based on planned calendar dates. Notice of each meeting confirming the venue, time and date, together with an agenda items and its supporting papers to be discussed, shall be forwarded to each member of Nomination Committee no later than seven (7) days before the date of the meeting.
- 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.
- The quorum for a meeting shall be two (2) members with majority of Independent Directors present at the meeting. The Nomination Committee Meeting at which a quorum is present is considered competent for the exercise of its authorities, powers and discretions vested upon it.
- All decisions at such meeting shall be decided on a show of hands by majority of votes. The Chairman shall have the casting vote should a tie arise.
- The Nomination Committee shall have the right to invite other Directors, management and/or external advisers as applicable to participate in the Nomination Committee Meeting, as and when necessary, to carry out its responsibilities.
- The Secretary or his/her nominee shall minute the proceedings and resolutions, including the names of all attendees. Draft minutes of meetings of the Nomination Committee shall be circulated promptly to all members of the Nomination Committee.
- The Nomination Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to the Nomination Committee member either personally or by fax or e-mail, fax, or by post or by courier to his/her registered address as appearing in the Register of Directors or to the address provided by the Nomination Committee members, as the case may be.

5. Nomination Committee Resolutions In Writing

- In the event the Nomination Committee require matters to be approved by way of a written resolution, a resolution in writing signed or approved by letter or telefax or other electronic means by all members of the Nomination Committee, 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 be executed in any number of counterparts, each signed by one or more members of the Nomination Committee all of which taken together and when delivered to the Secretary shall constitute one and the same resolution.

6. Rights and Authority

The Nomination Committee shall:

- a) have the resources which are required to perform its duties;
- b) have full and unrestricted access to resources and information as deemed appropriate for the discharge of its responsibilities to the Company;
- c) have the right to obtain independent professional or other advice at the expense of the Company;
- d) be entitled to the services of the Company Secretary to ensure that all appointments are properly made, that all necessary information is obtained from the Board, both the Company's own records and for the purposes of meeting statutory requirements, as well as obligations arising from the Listing Requirements of Bursa Malaysia Securities Berhad and/or other regulatory authorities;
- e) have the right to invite any employees of the Group to attend the Nomination Committee meetings and to brief the Nomination Committee members on matters being deliberated;
- f) meet as and when required on a reasonable notice and have the right to regulate its own procedure on the calling of meeting; and
- g) have the right to provide recommendations to the Board for consideration and approval.

7. Duties and Functions

The main functions and duties of the Nomination Committee shall include, but are not limited to the following:

New Appointments

- Consider and recommend to the Board candidates for directorship, proposed by Management, Director or Shareholder, or outsourced service providers, taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, competence, professionalism and integrity.

For any appointment of Non-Executive Director who is solely recommended by the existing Board members, Management or major shareholders, the Nomination Committee shall explain the rationale of not utilising other sources to search for a suitable candidate.

For the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to act independently from management when discharging such responsibilities as would be expected from Independent Non-Executive Directors.

- Before any appointment by the Board, evaluate the balance of skills, knowledge, expertise and experience, independent elements, diversity on the Board, and the current and future needs and size of the Company. In identifying suitable candidates, the Nomination Committee may:

- a. utilise the services of external advisors or independent search firms to facilitate the search from diverse pools;
 - b. consider candidates from a wide range of backgrounds;
 - c. consider candidates on merit and against objective criteria with due regard to diversity including gender, ethnicity and age, and the appointees time commitment, character, professionalism and integrity; and
 - d. request to consider the disclosure of any business interests that may result in a conflict of interest.
- Recommend to the Board, candidates to fill the seats on Board Committees, in consultation with the chairmen of those committees. In the event that the chairman's position (regardless of board/ committee) is to be filled, to consult with the Board.
 - Consider and recommend to the Board the candidates for Managing Director, Chief Executive Officer and Senior Management (including Chief Financial Officer), taking into consideration the candidates' skills, knowledge, expertise and experience, time commitment, character, professionalism and integrity, and diversity amongst senior management.
 - Undertake necessary steps to ensure women candidates are sought in its recruitment exercise for Board and senior management positions.

Re-election, Re-appointment and Resignation / Termination

- Recommend to the Board, candidates for re-election of Directors by shareholders under the annual re-election provisions or retirement, with due consideration to the extent to which the interplay of the Director's expertise, skills, knowledge and experience with those of other Board members, as well as their roles as committee members. Attention should be paid to Independent Directors who are retained beyond nine (9) years as the Board has to undertake a rigorous view to determine whether the independence of the Director has been impaired and provide strong justification in exceptional circumstances and seek shareholders' approval. In obtaining the shareholders' approval, the Nomination Committee should conduct an assessment of the Independent Director(s) and recommend to the Board whether the independent director(s) should remain independent or be re-designated.
- Deal with the matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and his or her service contract.
- Review the re-appointment of any Non-Executive Director at the conclusion of his or her term of office having given due regard to his or her performance and ability to continue to contribute to the Board in terms of knowledge, skills and experience required.

Specific Nominations and Succession Planning

- Understand the current performance, competencies and potential of those in key positions in senior management in order to identify and develop plans for those key talents.
- Make recommendations to the Board concerning the succession plans for both Executive and Non-Executive Directors and in particular for the chairman, Managing Director and Chief Executive Officer and the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office.
- Establish a clear succession plan for Board Chairman, Directors and senior management, giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board and by the Company in future. In terms of senior management, the Nomination Committee may request from time to time detailed views (either in the form of a report or otherwise) and work together with the Chief Executive Officer and/or senior management of the Company to:-
 - i. identify expected critical position vacancies and determine any future critical positions; and
 - ii. identify gaps in current employees and develop individual development plans, coaching and mentoring programmes.

The Board should work with the Nomination Committee to evaluate potential successors, taking into account the challenges and opportunities facing by the Company and the skills and expertise, including diversity needed on the Board in the future.

Annual Performance Assessment of Board, Board Committees, Individual Directors, Managing Director, Chief Executive and Chief Financial Officer

- Annually review the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of each individual director. All evaluations carried out by the Nomination Committee in the discharge of its functions should be properly documented.
- Annually review the time required of Non-Executive and Independent Directors to discharge their duties and responsibilities. Performance assessments should be undertaken to assess whether the Directors are spending enough time to fulfil their duties.
- Evaluate and appraise the performance of the Board Chairman.
- Annually review the independence of the Independent Director and recommend to the Board whether the Independent Director(s) who has(have) exceeded the cumulative term of nine (9) years, should remain independent or be re-designated.
- Annually review the performance of the Managing Director, Chief Executive Officer and Chief Financial Officer.

- Annually review the terms of office and performance of Audit Committee and each of its members to determine whether Audit Committee and each of its members have carried out their duties in accordance with their terms of reference.

Continuous Education/ Development

- The Nomination Committee shall from time to time identify suitable orientation, educational and training programmes for continuous development of directors and ensure all directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements.
- To assess the Audit Committee members' knowledge on financial literacy.

Size of Board and Independent Directors

- Assess the desirable balance in Board membership by reviewing the size, structure and composition of the Board, taking into consideration the number of directorships.
- Assess desirable number of Independent Directors.
- Consider the representation of interest groups as part of boardroom diversity. Factors to consider may include gender, race, religion, nationality, age, professional background and culture.

In developing its procedures and making recommendations to the Board, the Nomination Committee will take into account of:-

- The provisions of the Company's Constitution, the Companies Act 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and other laws and regulations, if any, in respect of the appointment, removal, etc of Directors;
- The need for the Board to operate an open and transparent appointment process. This may include public advertisement or direct approaches being made to individuals who may be suitable or organisations that may be able to advise; and
- The overall composition and balance of the Board.

8. Shareholders' Meeting

- The Chairman of the Nomination Committee should attend the shareholders' meeting to answer any shareholder's question on the Nomination Committee's activities, in particular on areas pertaining to proposed resolutions for shareholders to consider on the appointment or re-appointment of Directors or the retention of an Independent Director who has served the Company for more than a cumulative term of nine (9) years.

9. Reporting Responsibilities

- The Chairman of the Nomination Committee shall report to the Board on the Nomination Committee's proceedings after each meeting of the Nomination Committee. The Nomination Committee shall make recommendations to the Board as appropriate on any area within its responsibility or as delegated by the Board, where action or improvement is required.

- The Nomination Committee shall produce a report to be included in the Company's annual report regarding its activities and the processes used to identify candidates and make appointments.

10. Access to Advice

- In furtherance to their duties as the Nomination Committee members of the Company, there should be an agreed procedure for the members, whether as a full Nomination Committee or in their individual capacity, access to resources and information as deemed appropriate for the discharge of their responsibilities to the Company, including obtaining independent professional advice at the Company's expense and periodic review of its terms of reference against its performance.

11. Review of Terms of Reference

The terms of reference should be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and any other regulatory requirement or any changes to the direction or strategies of the Group that may affect the Nomination Committees' roles and responsibilities.

The Nomination Committee should recommend any change to the terms of reference to the Board for approval.