

VERSATILE CREATIVE BERHAD

(Company No. 603770-D)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF NOMINATION COMMITTEE

(Updated as at 22 July 2019)

1. Objectives

The principal objective of the Nomination Committee (“**NC**” or “**Committee**”) is to assist the Board of Directors (“**Board**”) in the selection and assessment of the Board, Board Committees and individual directors. The decision as to who shall be nominated remained as the responsibility of the full Board.

2. Role

The role of the NC is to ensure that the Board comprises directors with an appropriate mix of skills and experience, as well as diversity in terms of age, gender, ethnicity, a proper balance between executive and non-executive directors.

3. Composition of members

The Board shall elect the NC members from amongst themselves and shall not be less than three (3) members.

The NC shall be composed exclusively of non-executive directors, a majority of whom must be independent.

In the event of any vacancy in the NC resulting in the number of members of the NC falling below three (3), the vacancy shall be filled as soon as possible, but shall not be later than three (3) months of that event.

4. Chairman

The Chairman of the NC shall be a senior independent non-executive director, who shall be elected from amongst the NC members and approved by the Board. In the absence of the Chairman, any one (1) of or the remaining independent non-executive director(s) shall be the Chairman for that meeting.

5. Secretary

The Secretary of the NC shall be the company secretary of the Company.

6. Meetings

6.1 The NC 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 his/her discretion.

6.2 The Secretary shall, on the requisition of any member of the NC, summon a meeting of the NC.

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6.3 Other members of the Board and management may attend meetings upon the invitation of the NC.

6.4 NC members may participate in a meeting by means of a conference telephone or similar communications equipment, through which all persons participating in the meeting can hear and speak with each other.

A participant on a conference call shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

The meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

A resolution in writing, signed by majority of the members of the NC, shall be as effectual as if it has been passed at a meeting of the NC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members.

6.5 All decisions of the NC shall be decided on the votes of simple majority of those members present. Any decision or recommendation made at the NC shall be subject to the review and ultimate approval of the Board.

7. Notice

Except in the case of an emergency, reasonable notice of every NC meeting shall be given in writing.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the NC, any other person required to attend and all other non-executive directors, no later than seven (7) days before the date of the meeting. Supporting papers shall be sent to NC members and to other attendees as appropriate, at the same time.

8. Quorum

The quorum necessary for the transaction of business shall be two (2) members, one (1) of whom must be an independent non-executive director.

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9. Minutes

Minutes of each meeting shall be kept at the registered office and the secretary (which expression shall include the assistant of the secretary) shall distribute the minutes of each NC meeting to all members of the NC as well as the Board for notation. The minutes of the NC meeting shall be signed by the Chairman of the said meeting or by the Chairman of the next succeeding meeting. The Chairman's confirmation of the minutes shall be taken as a correct proceeding thereat.

10. Duties and Responsibilities

The duties and responsibilities of the NC are as follows:-

10.1 Appointments

- (a) To consider and recommend to the Board, candidates for any directorships proposed to be filled by the shareholders, the Board or other sources such as independent recruitment firm, taking into consideration the following criteria:-
- Required skills, knowledge, experience and expertise required;
 - Time commitment, character, professionalism and integrity;
 - Number of directorships in the companies outside the Group; and
 - Specialised knowledge or technical skill.
- (b) To recommend to the Board on the appropriate size of the Board that should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement.
- (c) To review the size of non-executive participation, Board balance and determine if additional Board members are required and also to ensure that at least 1/3 of the Board is independent.
- (d) Prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest in relation to the Company, and shall be required to report any future business interests which may develop post-appointment, that could result in a conflict of interest.
- (e) To assess on an annual basis, appointment and re-appointment of independent director as provided in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The tenure of an independent director shall not exceed a cumulative term of nine (9) years.

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- (f) To consider making its recommendation, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder.
- (g) To recommend to the Board, the nominees to fill the seats on Board Committees.
- (h) To recommend to the Board, the employment of the services of such advisers as it deems necessary to fulfil the Board's responsibilities.

10.2 Retirement and Re-election

- (a) To ensure every director is subject to retirement at least once in every three (3) years. A retiring director is eligible for re-election.
- (b) To recommend to the Board, the re-election by shareholders of directors under the annual re-election provisions or the retirement by rotation provisions in the Company's Articles of Association, having due regard to his/her performance and continued ability to contribute knowledge, skills and experience to the Board.
- (c) To consider and recommend the independent directors who have served beyond nine (9) years for continuation in office, taking into consideration their performance and ability to continue and contribute to the Board.

10.3 Annual Performance Assessment

- (a) To review annually, the structure, size and composition of the Board, including the skill, knowledge, experience and diversity of the Board and core competencies which non-executive directors should bring to the Board.
- (b) To review annually, the term of office, competency and performance of the Audit Committee and each of its members to determine whether such Audit Committee and its members have carried out their duties in accordance with their terms of reference.
- (c) To assess annually, the effectiveness of the Board as a whole and each director individually based on the criteria for performance evaluation, independence of each of the independent non-executive directors to ensure he/she is continually independent in order to provide appropriate scrutiny and impartial judgement, as well as the effectiveness of the various Board Committees and review the results of the performance evaluation thereafter.
- (d) To conduct Board evaluation which is periodically facilitated by a professional, experienced and independent party, if required.

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10.4 Succession Planning

- (a) To give consideration to succession planning for directors and senior executives in the course of its work, taking into account the challenges and opportunities facing the Company and its subsidiaries (“Group”), and the skills and expertise needed on the Board senior management in the future.
- (b) To review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace.

10.5 Others

- (a) To keep up-to-date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates.
- (b) To introduce any regulation which enable the smooth administration and effective discharge of the Committee’s duties and responsibilities.
- (c) To decide and implement such other matters as may be delegated by the Board from time to time.

11. Adviser

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary at the expense of the Company.

12. Reporting responsibilities

12.1 The NC Chairman shall report to the Board on its proceedings after each meeting on all matters within the scope of its duties and responsibilities.

12.2 The NC shall make recommendations to the Board it deems appropriate on any area within its terms of reference and/or where action or improvement is needed.

12.3 The NC shall report to the Board on its activities, based on these Terms of Reference.

13. Review of the Terms of Reference

The Committee shall recommend any changes to its terms of reference to fulfil such other requirements as prescribed by Bursa Malaysia Securities Berhad and/or to align the NC with recommended best practices and proper corporate governance as the NC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated as and when necessary, not more than three (3) years.