

# CENTURION CORPORATION LIMITED

## 勝捷企業有限公司\*

*(Incorporated in the Republic of Singapore with limited liability)*

*(Co Reg No: 198401088W)*

**(Stock code: 6090)**

### NOMINATING COMMITTEE

The Code of Corporate Governance 2012 (the “**Code**”) recommends companies listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) to set up a nominating committee (the “**NC**” or “**Committee**”) which reports to the board of directors (the “**Board**”) of the Company (the “**Director(s)**”).

The Corporate Governance Code at Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules HK**”) on The Stock Exchange of Hong Kong Limited (the “**HKEX**”) (the “**CGC HK**”) recommends companies listed on the HKEX to set up a nomination committee which reports to the Board.

The primary role of the NC is to make recommendations to the Board on all appointments and re-appointments of Directors to ensure a formal and transparent process for the appointment and re-appointment of Director(s) to the Board.

The terms of reference for the NC are annexed hereto as Appendix A.

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### TERMS OF REFERENCE FOR NOMINATING COMMITTEE

#### 1. MEMBERSHIP

- 1.1 The Committee shall be appointed by the Board from amongst its members, and shall comprise at least three (3) members.
- 1.2 The Committee will comprise at least three (3) Directors, a majority of members (including the chairman of the NC (“**NC Chairman**”)) shall be independent non-executive Directors of the Company. The lead independent non-executive Director, if any, shall be a NC member.
- 1.3 The NC Chairman shall be elected by members of the Board and shall be independent. In relation to HKEX, a Director will be considered as independent if he satisfies the factors set out in Rule 3.13 of the Listing Rules HK.
- 1.4 In relation to the Code, a Director may be considered independent if he has no relationship with the Company, its related corporations<sup>1</sup>, its shareholders with a shareholding of 10% or more (“**10% shareholder**”), or its officers that could interfere, or be reasonably perceived to interfere, with his exercise of independent business judgment with a view to the best interests of the Company and in carrying out his functions as a member of the NC.

The Code sets out the following non-exhaustive relationships or circumstances, which would deem a Director not to be independent:

- (a) a Director being employed by the Company or any of its related corporations for the current or any of the past three (3) financial years;
- (b) a Director who has an immediate family member who is, or has been in any of the past three (3) financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the remuneration committee of the Company;

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<sup>1</sup> A “**related corporation**” in relation to a company shall have the same meaning as currently defined in the Companies Act (Cap. 50) of Singapore, i.e. a corporation that is the company’s holding company, subsidiary or fellow subsidiary.

(c) a Director, or an immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service;

(d) a Director:

(i) who, in the current or immediate past financial year, is or was; or

(ii) whose immediate family member, in the current or immediate past financial year, is or was,

- a 10% shareholder of, or
- a partner in (with 10% or more stake), or
- an executive officer of, or
- a Director of,

any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year.

As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant;

(e) a Director who is a 10% shareholder or an immediate family member of a 10% shareholder of the Company; or

(f) a Director who is or has been directly associated with a 10% shareholder of the Company, in the current or immediate past financial year.

1.5 If the Board considers, in spite of the existence of one (1) or more of these relationships referred to in the Code, a Director as independent, it should disclose in full the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent.

1.6 On appointment, and thereafter, on an annual basis, every independent non-executive Director shall complete and return an annual confirmation in relation to his independence in accordance with the Listing Rules HK and the Code, and in the form as specified by the Company from time to time. The NC shall review the returned annual confirmation to decide if a Director is to be considered independent and make its recommendation to the Board.

- 1.7 An independent member shall immediately notify the company secretary of the company secretary of the Company (“**Company Secretary**”) of any change in circumstances that may result in him not being able to meet the criteria for independence.

The Board may, after considering the change in circumstances (with the recommendation of the NC), require the resignation of the member, in compliance with the provisions of the NC's terms of reference and/or any other applicable statutes, rules or regulations.

The Board may, as a result of the resignation, re-constitute the NC before its next scheduled meeting.

- 1.8 A member who wishes to retire or resign from the NC shall notify the Board in writing, giving at least one (1) month’s notice or such shorter period as may be agreed by the Board.
- 1.9 The office of a member shall become vacant upon the member's death/resignation/retirement/removal or disqualification as a Director.
- 1.10 Any vacancy in the NC shall be filled within two (2) months, and in any case, no later than three (3) months. If for any reason, the total number of members shall fall below three (3), the Board shall within three (3) months of such occurrence, appoint such number of new members so that the total number of members is at least three (3).

## **2. ADMINISTRATION**

### **2.1 Meetings**

- (a) Meetings of the NC (“**NC Meetings**”) may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the NC Chairman or chairman of the meeting shall be conclusive evidence of any meeting conducted as aforesaid.

- (b) NC Meetings will be held as the NC deems appropriate. NC Meetings shall be held at least once a year. Meetings shall be organised so that attendance is maximised. NC Meetings may be called, at any other time, by the NC Chairman or any member.
- (c) The NC shall have full discretion to invite any Director or management to attend its meetings.
- (d) The secretary of the NC shall be the Company Secretary for the time being or, such other person as may be nominated by the NC.

- (e) The secretary of the NC shall attend all NC Meetings and minute the proceedings thereof including providing an attendance record of individual members present at all meetings.
- (f) Draft and final version of the minutes of all NC Meetings shall record in sufficient details the matters considered and decisions reached, including any concerns raised by the members or dissenting views expressed and shall be circulated to all members of the NC for their comments and record within a reasonable time after the meetings. If the NC Chairman so decides, the minutes shall be circulated to other members of the Board. A Director may, provided that there is no conflict of interest and with the agreement of the NC Chairman, obtain copies of minutes of meetings. Minutes of all NC Meetings shall be confirmed by the NC Chairman or chairman of the meeting.
- (g) The notice of each NC Meeting, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the NC at least three (3) working days prior to the date of the meeting. The members of the Committee may consent to shorter notice whereupon the requisite notice period shall be waived.

## **2.2 Quorum**

The quorum shall be any two (2) members, including at least one (1) independent non-executive Director.

If the NC Chairman is not present within five (5) minutes from the appointed time of the meeting, the members present may elect one of their members, who must be independent, to chair the meeting.

## **2.3 Voting**

A resolution shall be considered passed if:

- (a) there is a majority of votes cast in favour of the resolution at a NC Meeting;  
or
- (b) there is agreement in writing by a majority of members entitled to vote on the decision.

In the event of an equality of votes, the NC Chairman or the chairman of the meeting shall not have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

Any member who has an interest in any matter being reviewed or considered by the NC shall abstain from voting on the matter.

## **2.4 NC Resolutions in Writing**

The NC may pass resolutions by circulation. A resolution in writing signed by a majority of members, including at least one (1) independent non-executive Director, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form, each signed by one (1) or more members.

## **2.5 Attendance at General Meetings**

The NC Chairman (or in his absence, an alternative member of the NC) shall attend the general meetings of the Company and be prepared to answer questions concerning matters falling within the scope of the Committee, including Board appointments and related matters.

# **3. DUTIES AND RESPONSIBILITIES**

The duties of the Committee shall be:

- (a) To make recommendations to the Board on the appointment or re-appointment of Directors, including making recommendations on the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board. The Committee shall review and monitor that the Board comprises at least three (3) independent non-executive Directors. In the event that one-third of the Board do not consist of independent non-executive Directors, the Committee shall recommend to the Board to appoint a sufficient number of independent non-executive Directors within a three (3) month period in order for the Board to comply with the above requirement. Non-executive Directors should be appointed for a specific term subject to re-election. If an alternate Director is appointed, the alternate Director should be familiar with the Company's affairs and be appropriately qualified. If a person is proposed to be appointed as an alternate Director to an independent non-executive Director, the NC and the Board should review and conclude that the person would similarly qualify as an independent non-executive Director.
- (b) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually having regard to the scope and nature of the operations of the Company and the core competencies of the Directors as a group and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The Committee shall review and monitor that the Board has a balance of skills and experience appropriate for the requirements of the Company's business and that changes to its composition can be managed without undue disruption. The Committee shall recommend to the Board to include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment. The Committee shall recommend that non-executive Directors should be of sufficient calibre and number for their views to carry weight.

- (c) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.
- (d) To assess the independence of independent non-executive Directors. If the independent non-executive director has served on the Board beyond nine (9) years from the date of his first appointment, the independence of such Director would be subject to particularly rigorous review and his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the Board believes he is still independent and should be re-elected.
- (e) To put in place a policy concerning diversity of Board members, and should disclose the policy or a summary of the policy in the corporate governance report.
- (f) To determine the process for search, nomination, selection and appointment of new Board members and assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications, competency and whether or not he/she is independent.

Important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors includes composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent non-executive Director.

- (g) To review and recommend Board succession plans for Directors, in particular, the chairman and chief executive officer.
- (h) To develop a process for the evaluation of performance of the Board, its Board committees and Directors.
- (i) To determine how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which should be approved by the Board, should allow for comparison with industry peers and address how the Board has enhanced long-term shareholder value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.

- (j) To assess the effectiveness of the Board as a whole and its committees and to assess the contribution by the chairman and each individual Director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the NC Chairman and the assessment process shall be disclosed in the Company's annual report. Individual evaluation should aim to assess whether each Director continues to contribute effectively and demonstrate commitment to the role. The chairman of the Board should act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

If an external facilitator has been used, the Board should disclose in the Company's annual report whether the external facilitator has any other connection with the Company or any of its Directors.

- (k) To review and monitor training and professional development programmes for the Board and the senior management.
- (l) To review and monitor that the Company arranges and funds suitable training, placing an appropriate emphasis on the roles, functions and duties of a Director and to monitor that the Directors provide a record of the training they have received to the Company.
- (m) To determine, on an annual basis, if a Director is independent according to the circumstances set forth in Guidelines 2.3 and 2.4 of the Code, Rule 3.13 of the Listing Rules HK and other salient factors.
- (n) To recommend Directors who are retiring by rotation or are newly appointed to be put forward for re-election. All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three (3) years. Directors appointed by the Board as an additional Director or to fill any casual vacancy shall hold office only until the next annual general meeting of the Company and shall be eligible for re-election.
- (o) To review and determine whether the Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of Board representations on listed companies and other principal commitments and whether he is spending sufficient time performing his responsibilities to the Company. The NC shall recommend to the Board guidelines to address competing time commitments faced by Directors who serve on multiple boards.
- (p) To review and recommend candidates for senior management staff, who are not also candidates for appointment to the Board.
- (q) Such other duties or functions as may be delegated by the Board or required by regulatory authorities.



#### **4. REPORTING PROCEDURES**

- 4.1 The NC shall report from time to time its findings and recommendations to the Board.
- 4.2 The NC shall make recommendations to the Board as it deems appropriate in any area within its remit where action or improvement is needed.

#### **5. REMUNERATION**

- 5.1 Having regard to the functions performed by members of the Committee in addition to their functions as Directors in relation to the activities of the NC and pursuant to the specific powers conferred upon the Board by the Constitution of the Company, members of the Committee may be paid such special remuneration in respect of their appointment and in such manner as shall be fixed by the Board.
- 5.2 Such special remuneration shall be in addition to the annual fees payable to members of the NC.

#### **6. GENERAL**

- 6.1 The Company should provide the NC with sufficient resources to perform its duties. Where necessary, the NC should seek independent professional advice, at the Company's expense, to perform its responsibilities.
- 6.2 The Board will ensure that the NC has access to internal and external or other independent professional advice in order for it to perform its duties.
- 6.3 These terms of reference may from time to time be amended as required, subject to the approval of the Board.
- 6.4 The NC should make available its term of reference explaining its role and the authority delegated to it by the Board by including them on the HKEX's website and the Company's website.