



**LHN LIMITED**  
**賢能集團有限公司\***

*(Incorporated in the Republic of Singapore with limited liability)*  
*(the “Company”, and together with its subsidiaries, the “Group”)*  
(Hong Kong Stock Code: 1730)  
(Singapore Stock Code: 410)

## **TERMS OF REFERENCE FOR NOMINATING COMMITTEE**

### **1. MEMBERSHIP**

- 1.1 The Nominating Committee (“NC”) shall be appointed by the Board (the “Board”) of Directors (the “Directors”) of the Company from amongst its members, and shall comprise at least three (3) members.
- 1.2 A majority of members, including the chairman of the NC (the “Chairman”) shall be independent non-executive Directors. The lead independent non-executive Director, if any, should be a member of the NC.
- 1.3 The Board shall consider whether a Director is independent in accordance with the provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”) and the Listing Manual Section A: Rules of the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Listing Manual”), including the Singapore’s Code of Corporate Governance 2018 (the “Singapore Code of Corporate Governance”). In the event of differences between the HK Listing Rules, Listing Manual and the Singapore Code of Corporate Governance, the Board shall comply with the more onerous rule and/or requirement.

If the Board wishes, in spite of the existence of one or more of the relationships as listed in the return (Annex 1) referred to in clause 1.4 below, to consider a Director as independent under the Singapore Code of Corporate Governance, the Company should disclose in full the nature of the Director’s relationship and bear responsibility for explaining why he should be considered independent. In any event, the independence requirement under Rule 3.13 of the HK Listing Rules shall be complied with.

- 1.4 On appointment, and thereafter, on an annual basis, every member shall complete a return (Annex 1) as to his independence. The Board shall review the return to decide if a Director is to be considered independent.
- 1.5 An independent member shall immediately notify the secretary of the Company 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, reconstitute the NC, in compliance with its terms of reference, the HK Listing Rules and the Listing Manual.

- 1.6 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.
- 1.7 The office of a member shall become vacant upon the member’s death/resignation/retirement/removal or disqualification as a Director of the Company.
- 1.8 If for any reason, the total number of members shall fall below three (3), the Board shall, as soon as practicable and reasonable, and in any case, no later than three (3) months of such occurrence, appoint such number of new members so that the total number of members is at least three (3).

- 1.9 The appointment of the members of the NC may be revoked, or additional members may be appointed to the NC by separate resolutions passed by the Board and by the NC.
- 1.10 Except for exceptional circumstances such as when a Director has a medical emergency, a member may not appoint any alternate.

## **2. ADMINISTRATION**

### **2.1 Meetings**

- (a) The meetings of the NC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman shall be conclusive of any meeting conducted as aforesaid.
- (b) Meetings of the NC will be held as the NC deems appropriate, however, the NC should meet at least once each year. Meetings should be organised so that attendance is maximised. A meeting may be called, at any other time, by the Chairman or any member of the NC. A Director or Management may be invited to the meetings.
- (c) The Secretary of the NC shall be the current Secretary of the Company.
- (d) The Secretary shall attend all meetings and minute the proceedings thereof.
- (e) Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all the members of the NC.

If the Chairman of the NC so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of minutes of NC meetings.

- (f) The notice of each meeting of the NC, 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.

### **2.2 Quorum**

The quorum shall be any two members, including at least one independent non-executive director.

### **2.3 Voting**

A resolution shall be considered passed if:

- (a) there is a majority of votes passed in favour of the resolution during a meeting of the NC, or
- (b) there is agreement in writing by a majority of members entitled to participate in the decision.

In the event of an equality of votes (except where only two members of the NC are present and form the quorum or when only two members of the NC are competent to vote on the question in issue), the Chairman shall have a casting vote.

A resolution in writing signed by all of the members of the NC shall be valid and effectual as if it had been passed at a meeting of the NC duly convened and held. This provision is without prejudice to any requirement under the HK Listing Rules for a Committee meeting to be held.

Any member who has an interest in any matters being reviewed or considered by the NC shall abstain from voting on that matter. Each member of the NC will not take part in determining his own re-nomination or independence, and shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as a Director. In the event that any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter.

### 3. DUTIES

The duties of the NC shall be:

- 3.1 To review, assess, make recommendations to the Board on the appointment of directors including making recommendations on the composition of the Board generally (taking into account Provisions 2.1, 2.2, 2.3, 2.4 and 3.3 of the Singapore Code of Corporate Governance which provides that, *inter alia*, the independent Directors should make up a majority of the Board where the Chairman is not independent, non-executive Directors should make up a majority of the Board and the Board should have a lead independent director to provide leadership in situations where the Chairman is conflicted and where the Chairman is not independent. The NC will also have to take into account of the requirement that the Board shall have at least three (3) independent non-executive Directors or shall represent one-third of the Board (whichever is more) as set out under the Guidance for Boards and Directors issued by The Stock Exchange of Hong Kong Limited in July 2018, the progressive renewal of the Board, each Director's qualifications, competencies, the number of other listed company board representations and whether he/she is independent). The NC shall review newly appointed director's formal letter setting out his or her duties and obligations.
- 3.2 To review the Board structure, size and composition (including appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate) having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the directors as a group at least annually. Reference is made to the Board Diversity Policy when considering and assessing the diversity of the Board. The NC shall make recommendations to the Board with regards to any proposed adjustments to the Board to complement the Company's corporate strategy that may be deemed necessary.
- 3.3 To identify, review, assess and recommend suitably qualified nominee(s) or candidate(s) for – appointment or election to the Board considering his/her competencies, commitment, contribution, performance and whether or not he/she is independent, and to select or make recommendations to the Board on the selection of individuals nominated for directorships of the Board.
- 3.4 To make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors, in particular for the Chairman of the Board and Chief Executive Officer, and take into account of the Board Diversity Policy when taking such recommendations.
- 3.5 To assess and determine, on an annual basis, if an independent non-executive Director is independent bearing in mind the circumstances set forth in Rule 3.13 of the HK Listing Rules, Provision 2.1 of the Singapore Code of Corporate Governance, Rule 210(5)(d) of the Listing Manual and other salient factors. If the NC determines that a Director, who has one or more of the relationships mentioned therein, the Company should disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent. Conversely, the NC has the discretion to determine that a director is non-independent even if the said director does not fall under the circumstances set forth in Rule 3.13 of the HK Listing Rules, Provision 2.1 of the Singapore Code of Corporate Governance and Rule 210(5)(d) of the Listing Manual.
- 3.6 To recommend Directors who are retiring by rotation to be put forward for re-election.
- 3.7 To review and approve any new employment of persons related to the Directors and the proposed terms of their employment.
- 3.8 To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations, and/or other principal commitments.
- 3.9 To recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold.
- 3.10 To assess the effectiveness of the Board as a whole, and, where required, the Board Committees and the contribution of each individual Director to the effectiveness of the Board.

To recommend to the Board the development of a process for evaluation and decide how the performance of the Board, and Board Committees, or individual director may be evaluate and propose objective performance criteria.

The Chairman of the NC should act on the results of the performance evaluation and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the NC.

- 3.11 To conduct an annual assessment of its performance against its Terms of Reference duties and responsibilities and provide a report of the findings to the Board.
- 3.12 To recommend to the Board comprehensive induction training programmes for new directors and to review training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks.
- 3.13 To review Management's recommendations and submit the same for endorsement by the entire Board, the proposed employment (where applicable) for Chief Executive Officer ("CEO") (if CEO is not a director) and key management personnel including but not limited to head of department/divisional directors/those reporting directly to the Managing Director (or Deputy Managing Director)/Chairman/CEO/employees related to the executive directors and controlling shareholders of the Group.

#### **4. ATTENDANCE AT GENERAL MEETINGS**

The 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 falling within the scope of the NC.

#### **5. REMUNERATION**

Having regard to the functions performed by members of the NC in addition to their functions as Directors in relation to the activities of the NC and pursuant to the specific power conferred upon the Board by the Constitution of the Company, members of the NC may be paid such special remuneration in respect of their appointment and in such manner as shall be fixed by the Board.

#### **6. CONTINUING APPLICATION OF THE CONSTITUTION OF THE COMPANY**

The Constitution of the Company regulating the meetings and proceedings of the directors so far as the same are applicable and are not replaced by or inconsistent with the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

#### **7. POWERS OF THE BOARD**

The Board may, subject to compliance with the constitution of the Company, the Listing Manual, the Singapore Code of Corporate Governance, and the HK Listing Rules (including Appendix C1 (the Corporate Governance Code) to the HK Listing Rules), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

#### **8. GENERAL**

- 8.1 The NC in carrying out its tasks under these terms of reference may obtain at the Company's expense such external or other independent professional advice as it considers necessary to carry out its duties.
- 8.2 The Board will ensure that the NC has the resources and access to independent professional advice in order for it to perform its duties.
- 8.3 These terms of reference may from time to time be amended as required, subject to the approval of the Board.
- 8.4 If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.

*\* For identification purpose only*

# LHN LIMITED

(the “Company”)

## CONFIRMATION OF INDEPENDENCE

I confirm the following for the requirements under the Singapore Code of Corporate Governance:

- (a) That I \*am/am not an executive Director of the Company or any of its related corporations<sup>1</sup> and \*have/have not been employed by the Company or any of its related corporations<sup>1</sup> for the current or any of the past three financial years.
- (b) That I \*have/do not have an immediate family member<sup>2</sup> who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations<sup>1</sup> and whose remuneration is determined by the Company’s Remuneration Committee.
- (c) That I (including my immediate family member<sup>2</sup>) \*have/have not provided to or received from the Company or any of its related corporations<sup>1</sup> for the current or immediate past financial year any significant compensation or material services<sup>3</sup> (aggregated over any financial year in excess of S\$50,000), other than compensation for board service.
- (d) That I (including my immediate family member<sup>2</sup>) \*am/am not in the current or immediate past financial year \*a substantial shareholder<sup>4</sup> of, or a partner in (with 5% or more stake), or an executive officer of, or a director of any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services<sup>3</sup> (aggregated over any financial year in excess of S\$200,000) in the current or immediate past financial year.
- (e) That I \*am/am not a substantial shareholder<sup>4</sup> or an immediate family member of a substantial shareholder<sup>4</sup> of the Company.
- (f) I \*am/am not directly associated<sup>5</sup> with a substantial shareholder<sup>4</sup> of the Company in the current or immediate past financial year.
- (g) That I \*do/do not have a relationship (whether familial, business, financial, employment or otherwise) with the Company, its related corporations<sup>1</sup>, its substantial shareholder<sup>4</sup> or its officers that could interfere or be reasonably perceived to interfere, with my exercise of independent business judgment with a view to the best interests of the Company.

If any of the relationships stated above exist, please provide details:

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I further confirm the following for the requirements under the HK Listing Rules:

- (h) That I (including my immediate family member<sup>2</sup>) \*hold/do not hold more than 1% of the number of issued shares of the Company<sup>6</sup>.
- (i) That I (including my immediate family member<sup>2</sup>) \*have/have not received interest in securities of the Company as a gift, or by means of other financial assistance, from a core connected person (as defined in the HK Listing Rules) or the Company itself<sup>7</sup>.
- (j) That I (including my immediate family member<sup>2</sup>) \*am/am not (or \*was/was not) a director, partner or principal of a professional adviser which currently provides or has within two years immediately prior to the date of this confirmation provided services, or is or was an employee of such professional adviser who is or has been involved in providing such services during the same period, to (i) the Company, its holding company or any of their respective subsidiaries or core connected person (as defined in the HK Listing Rule), or (ii) any person who was a controlling shareholder (as defined in the HK Listing Rules) or, where there was no controlling shareholder, any person who was the chief executive or a Director (other than an independent non-executive Director), of the Company within two years immediately prior to the date of this confirmation, or any of their close associates.

- (k) That I (including my immediate family member<sup>2</sup>) currently \*have/do not have ((for proposed director) and \*had/did not have within one year immediately prior to the date of my proposed appointment) a material interest in any principal business activity of or is or was involved in any material business dealings with the Company, its holding company or their respective subsidiaries or with any core connected persons (as defined in the HK Listing Rules) of the Company.
- (l) That I (including my immediate family member<sup>2</sup>) \*am/am not on the board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole.
- (m) That I (including my immediate family member<sup>2</sup>) \*have been/have not been connected with a director, the chief executive or a substantial shareholder (as defined in the HK Listing Rules) of the Company within two years immediately prior to the date of this confirmation.
- (n) That I (including my immediate family member<sup>2</sup>) \*have/have not at any time during the two years immediately prior to the date of this confirmation been, an executive or Director (other than an independent non-executive Director) of the Company, of its holding company or of any of their respective subsidiaries or of any core connected persons (as defined in the HK Listing Rules) of the Company.
- (o) That I (including my immediate family member<sup>2</sup>) \*am/am not financially dependent on the Company, its holding company or any of their respective subsidiaries or core connected persons (as defined in the HK Listing Rules) of the Company.

If any of the relationships stated above exist, please provide details:

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In view of the foregoing, I am to be considered independent/not independent\* of the Company's Management as contemplated by the Singapore Code of Corporate Governance and as required by Rule 3.13 of the HK Listing Rules.

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Name:

Date:

\* *delete where inapplicable*

1. The term “related corporation” in relation to a company, shall have the same meaning as currently defined in the Companies Act 1967 of Singapore, i.e. the company’s holding company, subsidiary or fellow subsidiary.
2. A person will be considered an “immediate family member” of the Director under:
  - (i) the Listing Manual if they are the Director’s spouse, child, adopted child, step-child, brother, sister or parent; and/or
  - (ii) the HK Listing Rules if they are the Director’s spouse, or the Director’s (or the Director’s spouse’s) child or step-child, natural or adopted, under the age of 18 years.

The Company will comply with the more onerous of the two sets of listing rules.

3. Material Services may include auditing, banking, consulting and legal services as provided under the Singapore’s Code of Corporate Governance 2018.
4. A “substantial shareholder” is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the Securities and Futures Act 2001 of Singapore.
5. A director will be considered “directly associated” with a substantial shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder in relation to the corporate affairs of the corporation. A director will not be considered “directly associated” with a substantial shareholder by reason only of his or her appointment having been proposed by that substantial shareholder.
6. The Director shall take into account the total number of shares held legally or beneficially by the Director, together with the total number of shares which may be issued to the Director or the Director’s nominee upon the exercise of any outstanding share options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of shares.
7. Subject to (d) and (h) above, the Director will still be considered independent if the Director receives shares or interests in securities from the Company or its subsidiaries (but not from core connected persons) as part of the Director’s fee or pursuant to share option schemes established in accordance with Chapter 17 of the HK Listing Rules and where such receipt of shares or interests in securities are in compliance with the requirements of the Listing Manual.