

FEDERAL FURNITURE HOLDINGS (M) BERHAD

(Company No: 97092 - W)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF NOMINATION COMMITTEE

(Updated as at 28 April 2016)

1. Objectives

The principal objectives of the Nomination Committee ("NC") are:-

- to assist the Board of Directors ("Board") in their responsibilities in nominating new nominees to the Board and ensure that the Board composition meets the needs of the Company.
- to assess the Directors of the Company on an on-going basis.

2. Composition of members

The Board shall elect the NC members from amongst themselves.

The NC shall be composed of not more than five members which comprises exclusively of non-executive directors, a majority of whom must be independent.

3. Chairman

The Chairman of the NC shall be elected from amongst the NC members and shall be approved by the Board. The Chair of the NC should be the senior independent director identified by the Board.

4. Secretary

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

5. Meetings

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 the Chairman's discretion.

The Secretary shall on the requisition of the members of the NC summon a meeting of the NC except in the case of an emergency, reasonable notice of every NC meeting shall be given in writing.

In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the Meeting.

6. Instantaneous Telecommunication Device

For the purpose of contemporaneous linking together by an instantaneous telecommunication device of a number of the members of the NC no less than the quorum required, whether or not any one or more of the members of the NC is out of Malaysia, is deemed to constitute a meeting of the NC. The NC will apply to such meeting held by instantaneous telecommunication device so long as the following conditions are met:-

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- (a) all members of the NC shall have received notice of a meeting by instantaneous telecommunication device for the purpose of such meeting. Notice of any such meeting will be given on the instantaneous telecommunication device or in any other manner permitted;
- (b) each of the members of the NC taking part in the meeting by instantaneous telecommunication device must be able to hear and/or see each of the other members of the NC taking part at the commencement and for the duration of the meeting; and
- (c) at the commencement of the meeting, each of the members of the NC must acknowledge his presence for the purpose of the meeting to all of the other member of the NC taking parts.
- (d) minutes of the proceedings at a NC meeting by instantaneous communication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if signed as correct minutes by the Chairman of the meeting and shall be as valid and effectual as if the resolutions had been passed at a meeting of the NC duly convened, at which all participants were present in the same location.

7. Circular Resolutions

A resolution in writing signed or approved by letter by all the NC members sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the NC duly called and constituted.

All such resolutions shall be described as "*Nomination Committee Members' Resolutions in Writing*" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by her in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one (1) or more NC members.

8. Quorum

A quorum shall consist of two (2) members, one of whom shall be the Chairman of the Committee.

9. Minutes

The minutes of the meetings of the Committee shall be circulated to all members of the Board.

10. Authority

The NC shall, in accordance with a procedure or process to be determined by the Board and at the expense of the Company,

- (a) shall annually review the required mix of skills and experience and other qualities, including core competencies which non-executive and executive directors should have.

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- (b) shall assess on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director.
- (c) shall assess on an annual basis, the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years, an independent director may continue to serve on the Board subject to the directors' re-designation as a non-independent director. To retain as independent directors, the Board must justify and seek shareholders' approval for a person who has served in that capacity for more than nine (9) years.
- (d) shall be entitled to the services of a company secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad or other regulatory requirements.

11. Duties and Responsibilities

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

- To recommend to the Board, candidates for all directorships to be filled by the Shareholders or the Board.
- To consider, in making its recommendations, 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
- To recommend to the Board the nominees to fill the seats on Board Committees.
- To assess the effectiveness of the Board as a whole and each individual Directors/committees of the Board.
- To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board with a view to determining the impact of the number upon its effectiveness and make recommendations to the Board with regards to any changes.
- To act in line with the directions of the Board.
- To give consideration to succession planning for Directors and other senior executives 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 in the future.
- To review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace.

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- In the case of persons for the position of Independent Non-Executive Directors, to evaluate the persons' ability to discharge such responsibilities/functions as expected of an Independent Non-Executive Directors.
- To determine annually whether a Director is independent as may be defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- To ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and changes in new statutory requirements.
- To assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee structure of Board Committees.
- To review annually, the term of office and performance of the Audit Committee and each of its members to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

12. Reporting responsibilities

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.

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

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

This terms of reference may change from time to time to fulfill such other requirements as prescribed by the Bursa Malaysia Securities Berhad.