

TERM OF REFERENCE**TERM OF REFERENCE FOR REMUNERATION COMMITTEE****TITLE : TERM OF REFERENCE FOR REMUNERATION COMMITTEE****1. DEFINITIONS**

"Act"	- the Companies Act 2016;
"Board"	- the board of directors of the Company;
"Chairman"	- the chairman of the Board and is used in a gender neutral sense;
"Company"	- Hua Yang Berhad;
"Management"	- the management personnel of the Company;
"Directors"	- directors of the Company;
"Secretary"	- the Board secretary or the person normally exercising the functions of a Board secretary;
"Committee"	- Remuneration Committee members.

2. COMPOSITION

- 2.1 The Board shall elect a Remuneration Committee from amongst themselves (pursuant to a resolution of the Board of Directors), comprising at least three (3) Directors, consisting mainly of Independent Non-Executive Directors of the Company.
- 2.2 The members of the Remuneration Committee shall elect a Chairman from amongst themselves.
- 2.3 If the members of the Remuneration Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum of three (3) members.
- 2.4 The term of office and performance of the Remuneration Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether such Remuneration Committee and members have carried out their duties in accordance with their terms of reference.
- 2.5 The membership of the Remuneration Committee should be disclosed in the Company's Annual Report.

3. OBJECTIVE

- 3.1 The primary objectives of the Remuneration Committee are:-

TERM OF REFERENCE**TERM OF REFERENCE FOR REMUNERATION COMMITTEE**

- i. To establish its policies and procedure, annually review and recommending the remuneration packages for each individual Executive Director, Non-Executive Director, Senior Managements and staffs.
- ii. To implement policies and procedures on remuneration of Directors and Senior Managements at levels which enable the Company to attract, retain and motivate the Executive Directors and Senior Managements and staffs needed to align with the business strategy and long term objectives of the Company.

4. AUTHORITY

- 4.1 In carrying out their duties and responsibilities, the Remuneration Committee will have full, free and unrestricted access to all Company records, property and personnel.

5. MEETING AND MINUTES

- 5.1 It is good practice for the Remuneration Committee to hold a minimum of at least one (1) meeting a year, although additional meetings may be called at any time at the Chairman's discretion. It would be desirable that the Notice of Meetings and agenda be sent at least seven (7) days before the time set for meeting together with an agenda to all members of the Committee and any person that may be required to attend.
- 5.2 A quorum for the meeting of the Committee shall be two (2) members and the majority of members present must be independent directors.
- 5.3 The decision of Remuneration Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting votes, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.
- 5.4 The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be circulated to all Board members.
- 5.5 The Secretary to the Remuneration Committee shall be the Company Secretary.
- 5.6 Minutes of each meeting be kept and distributed to each member of the Committee within one (1) month for comments after meeting. A copy of the Minutes is to be tabled at the Board Meeting convening immediately next after the Committee Meeting for notation, ratification of the action taken by the Committee or decision of the Board.
- 5.7 The Secretary shall also be responsible for recording the proceeding of the Remuneration Committee and the minutes of meetings tabled at Board meetings.

6. DUTIES

6.1 The duties of the Committee should include the following:

- To assist the board in developing and administrating a fair and transparent procedure for setting policy on remuneration packages for each Directors and Senior Managements;
- To ensure that remuneration package are determined on the basis of the Directors' and Senior Management's merit, qualification and competence and having regard to the Company's operating result, individual performance and comparable market statistics;
- To review the Chief Executive Officer's goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy;
- To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration setting forming a significant proportion of the total remuneration package of Chief Executive Officer;
- To align remuneration arrangements that focuses on senior management achieving long-term business objectives and growth in shareholders' wealth through formulation of incentive arrangements, including key performance indicators and performance hurdles;
- To ensure detailed disclosure on a named basis of the remuneration paid to Directors (this includes all fees, salary, bonus, benefits-in-kind and other emoluments).

7. Revision of Terms of Reference

7.1 Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third parties, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision/amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised/amended.

8. Approval

8.1 This Terms of Reference was reviewed and approved by the Board of Directors on 24 January 2018.

BY ORDER OF THE BOARD OF DIRECTORS

Chairman
Board of Directors of Hua Yang Berhad