



LEON FUAT BERHAD
(756407-D)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Constitution

The Board has established a Committee of the Board and is known as the Remuneration Committee (hereinafter referred to as the “Committee”).

Membership

1. The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise of not less than three (3) members. The Committee shall only consist of non-executive directors and a majority of them must be Independent Directors.
2. If a member of the Committee resigns or for any other reason ceases to be a member resulting the number of members to reduce to below three (3), the Board of Directors shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of members.
3. The members of the Committee shall elect a Chairman from among their members.
4. The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the Committee.

Meetings and Minutes

1. The Chairman of the Committee or the Board may request for the meeting of the Committee to be convened as and when deemed necessary. The quorum for the meeting of the Committee shall consist of not less than two (2) members.
2. The Committee shall report to the Board on its proceedings and its minutes tabled and noted by the Board of Directors. The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office or the principal office of the Company and shall be open for inspection of any member of the Committee and the Board of Directors.
3. The Chairman of the Committee shall be entitled, where deemed appropriate, to invite any other person to a meeting of the Committee at which that person’s expertise may be required having regard to the subject matter to be discussed.

4. The Committee may deal with matters by way of a circular resolution in writing, in lieu of convening a formal meeting. The circular resolution, signed by a majority of the members of the Committee, shall be as valid and effectual as if it has been passed at a meeting of the Committee duly convened.

Duties and Responsibilities

1. To review the remuneration framework or policy for the Directors and key management personnel which shall support the objectives of the Group and reflect the responsibilities and commitments of the Directors and key management personnel. The framework should cover all aspects of remuneration including directors' fees, salaries, allowances, bonuses, benefits-in-kind and/or other emoluments.
2. To ensure the level of remuneration be sufficient to attract and retain Directors and key management personnel of the caliber needed to run and manage the Company successfully. In the case of Executive Directors, the component parts of remuneration should be structured so as to link rewards to individual and corporate performance measured against the achievement of pre-determined performance targets which are closely aligned to the Company's objectives. In the case of Non-Executive Directors, the remuneration should link to their level of responsibilities undertaken and contributions to the Board. The policy and framework should be documented and any changes thereto should be subject to the endorsement of the full Board.
3. To review the remuneration packages and benefits of individual Executive Director and key management personnel, the terms of employment or service contract, where relevant, any benefit or incentive payment, performance related bonuses, compensation arrangement, and to review for changes to the same, where necessary. No Directors or executive shall be involved in deciding their own remuneration.
4. To ensure corporate accountability and governance in respect of the remuneration of the Directors and key management personnel and other relevant functions.
5. To review the Remuneration Committee Report prepared for disclosure in the annual report of the Company.
6. To review the remuneration policy and its terms of reference periodically to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
7. To consider other matters as referred to the Committee by the Board. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and other professional advice for assistance and advice as necessary at the expense of the Company.

Reporting Procedures

1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its duties and responsibilities where action or improvement is necessary.