

HIAP HUAT HOLDINGS BERHAD
(Company No.: 881993-M)
(Incorporated in Malaysia)

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

1. OBJECTIVE

The primary objective of the Remuneration Committee (“Committee”) is to establish a documented, formal and transparent procedure for assessing and reviewing the remuneration packages of Executive Directors, Non-Executive Director and Principal Officers that link rewards to corporate and individual performance.

2. COMPOSITION

The members of the Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least three (3) members, consisting wholly or mainly of Independent Non-Executive Directors. The Committee shall elect a Chairman from among its members.

No alternate director shall be appointed as a member of the Committee. The term of office and performance of the Committee and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their terms of reference.

If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board 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 three (3) members.

3. AUTHORITY

- a) The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- b) The Committee is authorised to call for any appropriate person or person to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of responsibilities.
- c) The Committee is authorised by the Board to obtain, at the Company’s expense, external legal or other professional advice on any matters within its terms of reference.

4. DUTIES AND RESPONSIBILITIES

- a) The Committee shall review and recommend to the Board the framework of remuneration of the Executive Directors and Principal Officers, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in selected group of comparable companies.

- b) The Committee shall review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for Executive Directors and Principal Officers depending on various performance measurements of the Group.
- c) The Committee shall review and determine the other benefits in kind for the Executive Directors and Principal Officers.
- d) The Committee shall review and making recommendations to the Board in respect of the remuneration of the Non-Executive Directors (including directors' fee and other benefits payable), particularly on whether the remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken. The individuals concerned should abstain from the deliberation of their own remuneration.
- e) The Committee shall review the Group's compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice.
- f) The Committee may recommend the engagement of external professional advisors to assist and/or advise the Committee and the Board, on remuneration matters, where necessary.
- g) The Committee shall provide a report summarising its activities for the year in compliance with the Malaysia Corporate Governance Code, Listing Requirements and any relevant regulations. The report can be incorporated into the corporate governance statement in the annual report or included as a separate report.

5. MEETINGS OF THE COMMITTEE

The Committee shall meet at least once a year and as frequently as may be required.

In the event the elected Chairman is not able to attend a meeting, a member of the Committee shall be nominated as Chairman for the meeting.

Subject to the notice and quorum requirements as provided in the Terms of Reference, meeting of the Committee may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

6. QUORUM

The quorum for a meeting of the Committee shall consist of not less than two (2) members, of which at least one (1) shall be an Independent Non-Executive Director.

7. NOTICE OF MEETINGS

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than seven (7) days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

8. SECRETARY AND MINUTES

The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the Committee. The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Committee and ensure that the minutes are properly kept and produced for inspection if required.

9. CIRCULAR RESOLUTION

A resolution in writing, signed or approved by letter, telegram, telex, telefax or electronic means by a majority of the Committee members present in Malaysia for the time being entitled to receive notice of a meeting of the Committee, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the members of the Committee.

10. REVISION AND UPDATES

Where necessary, this Terms of Reference will be reviewed and updated to ensure it remains consistent with the Committee's objectives and responsibilities.

END.