

LKL INTERNATIONAL BERHAD (1140005-V)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. OBJECTIVES

The principal objectives of the Remuneration Committee (“Committee”) are to attract and retain high caliber Executive Directors needed to run and manage the Company successfully and to assist the Board of Directors (“Board”) in its responsibilities in assessing and reviewing the remuneration packages of the Executive Directors and Non-Executive Directors of the Company.

2. COMPOSITION OF MEMBERS

The Board shall elect the Committee members from amongst themselves, comprised exclusively of non-executive directors, a majority of whom must be Independent Director.

3. CHAIRMAN

The Committee shall elect a Chairman from amongst its members and the elected Chairman of the Committee shall be approved by the Board. The Chairman of the Committee shall be an Independent Director.

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

4. MEETINGS OF THE COMMITTEE

i. Frequency

The Committee 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. In the event issues requiring the Committee’s decision arise between meetings, such issues may be resolved through written resolutions of the Committee. Such written resolution in writing shall be valid and effectual if it is signed or approved by letter, facsimile or any electronic means by members of the Committee pursuant to the Constitution of the Company.

For the Committee’s meetings (except in the case of an emergency), reasonable notice shall be given in writing to all the Members of the Committee.

Other Board members and senior management may be invited to attend the Committee meetings.

ii. Quorum

A minimum of two (2) members shall form the quorum.

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iii. Secretary of the Committee

The Company Secretary shall be the secretary of the Committee.

iv. Minutes of the Committee Meeting

Every meeting of the Committee must be recorded either by the Company Secretary or any other person approved by the Committee and such minutes must be confirmed by the Committee at the next succeeding Committee meeting.

The Minutes of each meeting signed by the Chairman of that meeting or by the Chairman of the next succeeding meeting shall be evidence of the proceedings that the meeting was duly convened and held.

5. FUNCTIONS

The functions of the Committee are as follows:

- i. To review and recommend to the Board the appropriate remuneration packages for the Executive Director(s) and Non-Executive Directors of the Company, with or without other independent professional advice or other outside advice.
- ii. To formulate policies, guidelines and set criteria for remuneration packages for the Directors of the Company.
- iii. To ensure that the Directors are fairly and appropriately remunerated according to the general market sentiments or conditions.
- iv. To determine the composition of the various types of components of remuneration such as basic salary, bonus and other benefits in kind for the Executive Director(s) of the Company.
- v. To ensure all necessary actions are taken expediently by the Board to offer appropriate rewards, benefits, compensation and remuneration and to ensure that the levels of remuneration are sufficiently attractive to retain Directors and structuring the remuneration packages to link rewards to the individual performance.
- vi. To ensure that all remuneration packages and benefits given to the Directors are in compliance with the Company's Remuneration Policy and any other laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time.
- vii. Any other function that may be delegated by the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

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Terms of Reference of the Remuneration Committee – cont'd

6. PUBLICATION OF TERMS OF REFERENCE

This Terms of Reference shall be made available on the Company's website.