

TH HEAVY ENGINEERING BERHAD

(Company No. 634775-D)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

(Revised as at 16 April 2019)

1. OBJECTIVES

The principal objectives of the Remuneration Committee are to assist the Board of Directors in their responsibilities:-

- a) to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration, fee and other benefits of Board and Senior Management.
- b) to ensure that all Directors and Senior Management are fairly rewarded for their individual contribution to the Company's overall performance and that the remuneration commensurate with the level of executive responsibility and is appropriate in light of the Company's performance.

2. COMPOSITION

The Board of Directors shall elect the Remuneration Committee members from amongst themselves and it must be composed of no fewer than two (2) members consisting of only Non-Executive Directors and a majority of them must be Independent Directors.

No alternate director shall be appointed as a member of the Remuneration Committee.

Retirement and Resignation

In the event of any vacancy with the result that the number of members is reduced to below two (2), the vacancy shall be filled within three (3) months thereof. Therefore, a member of the Remuneration Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

3. CHAIRMAN

The Chairman of the Remuneration Committee shall be an Independent Director identified by the Board of Directors.

In the absence of the Chairman, the members can elect from amongst themselves, an Independent Director as the Chairman for the Remuneration Committee meeting.

4. SECRETARIES

The Secretaries of the Remuneration Committee shall be the Company Secretaries and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

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5. MEETINGS

The Remuneration 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. The Chairman may call for additional meetings at any time at the Chairman's discretion.

The Secretaries shall on the requisition of the members of the Remuneration Committee summon a meeting of the Remuneration Committee and reasonable notice of every Remuneration Committee meeting shall be given in writing, except in the case of an emergency, where the Remuneration Committee waives such requirement.

The Remuneration Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

Other Board members and/or employees may attend the Remuneration Committee meeting upon invitation of the Remuneration Committee.

Questions arising at any meeting of the Remuneration Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Remuneration Committee shall have a second or casting vote.

6. QUORUM

A quorum shall consist of two (2) members.

7. MINUTES

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Remuneration Committee and also to the other members of the Board. The Remuneration Committee Chairman shall report on the proceeding of each meeting to the Board.

The minutes of the Remuneration Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The Remuneration Committee members may inspect the minutes of the Remuneration Committee at the Registered Office or such other place as may be determined by the Remuneration Committee.

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8. CIRCULAR RESOLUTION

A resolution in writing signed by a majority of the Remuneration Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly called and constituted.

Any such resolution may consist of several documents in like form each signed by one (1) or more Remuneration Committee members. Any such document may be accepted as sufficiently signed by a Remuneration Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of a Remuneration Committee member.

9. REPORTING

The Remuneration Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Remuneration Committee shall report to the Board of Directors on any specific matters referred to it by the Board.

The Company Secretaries shall circulate the minutes of the Remuneration Committee meetings to all members of the Board.

10. AUTHORITY

The Remuneration Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost and expense of the Company, where necessary and reasonable for the performance of its duties:-

- (a) have full and unrestricted access to the details/information on the remuneration packages of the Executive Directors and Senior Management.
- (b) be able to draw advice from professionals or experts, for the purpose of assessing the remuneration, fee and other benefits of Board and Senior Management, and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

11. RESTRICTIONS

None of the Remuneration Committee members shall participate in the deliberation, recommendation, decision and voting of his own Directors' fee or other benefits.

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(Terms of Reference of Remuneration Committee - cont'd)

12. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Remuneration Committee are as follows:-

- a) To administer a fair and transparent policy or procedure for setting remuneration of Directors and senior management, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The policy or procedure shall be reviewed periodically to ensure relevance to the Group.
- b) To review and assess the remuneration package of the Executive Directors and senior management in all forms, with or without other independent professional advice or other outside advice.
- c) To ensure the level of remuneration is sufficiently attractive and be able to retain and reward the Executive Directors and senior management in order to run businesses of the Group successfully.
- d) To ensure the level of remuneration or fee should reflect the experience and level of responsibilities undertaken by the particular Director.
- e) To recommend to the Board the remuneration package of the Executive Directors and Directors' fee and other benefits for Non-Executive Directors.
- f) When recommending the fee and other benefits for the Independent Directors, the Remuneration Committee to ensure it does not conflict with the Independent Directors' obligation to bring objectivity and independent judgment on matters discussed at Board meetings.
- g) To consider and examine such other matters as the Remuneration Committee considers appropriate.
- h) To consider any other matters as defined by the Board.

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