

SMART ASIA CHEMICAL BHD
Registration No. 201901016953 (1326281-T)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. DEFINITION:

“Board”	:	Board of Directors of the Company.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Committee”	:	The Remuneration Committee of the Company.
“Company”	:	Smart Asia Chemical Bhd or by whatever name it is called from time to time.
“CEO”	:	The chief executive officer of the Company for the time being, by whatever name called, and whether or not he is a director.
“Directors”	:	The directors for the time being of the Company or such number of them as have authority to act for the Company.
“MD”		Managing Director of the Company.
“Group”	:	The Company and its subsidiaries (Smart Paint Manufacturing Sdn. Bhd., Smart Paints (M) Sdn. Bhd., Color Breeze Sdn. Bhd., Smart Paints (Sabah) Sdn. Bhd. and Smart Paint (Selangor) Sdn. Bhd.) or any other future subsidiaries to be incorporated.
“Listing Requirements”	:	Bursa Malaysia Securities Berhad’s ACE Market Listing Requirements including any relevant practice and/or guidance notes, directives, guidelines issued pursuant thereto and any amendment, modification, supplemental to the listing requirements that may be made from time to time.
“Secretary”	:	Any person or persons jointly appointed to perform the duties of a secretary of the Company including any person(s) appointed temporarily and any representative of the secretary.
“Senior Management”	:	Individuals at the highest level of management of a Company who have the day-to-day tasks of managing the Company.

2. DATE ESTABLISHED

The Committee was established on 24 May 2023.

3. OBJECTIVES

The Committee is established to:

- (a) Develop and formulate a transparent policy on the remuneration of Directors and Senior Management, and to set the remuneration package of the individual Director and Senior Management;
- (b) Adopt a formal and transparent procedure for determining the remuneration package of the Director and Senior Management, which is to be based on objective considerations of the merits and values of the Director's and Senior Management's contribution to the Company;
- (c) Ensure that the executive director's remuneration, benefits and rewards are linked to corporate and individual performance;
- (d) Ensure that the remuneration package is sufficient to attract and retain the Directors and Senior Management needed to manage the Company successfully; and
- (e) Annual review the remuneration packages to gauge its competitiveness and attractiveness, and to make recommendations if and when necessary.

The Committee shall also perform such other functions assigned by the Board.

4. COMPOSITIONS

The Board shall elect the Committee members from amongst themselves and it must be composed of no fewer than three (3) members consisting wholly of non-executive Directors, with a majority of whom are independent.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board on an annual basis to determine whether its members have carried out their duties in accordance with their terms of reference.

The Chairman of the Board shall not be a member of the Committee.

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

5. CHAIRMAN

The Chairman of the Committee ("**Committee Chairman**") shall be elected amongst the members of the Committee and shall be an independent non-executive director. The Committee Chairman shall chair all meetings of the Committee other than matters concerning him/herself.

In the absence of the Committee Chairman, the remaining members present shall elect one of their members as Chairman of the meeting.

6. MEETINGS

The Committee shall meet at least one (1) time a year and the Committee Chairman may call for meetings as he deems fit and necessary in order to fulfil the Committee's duties.

The quorum for each meeting shall be two (2) members.

The Secretary shall on the requisition of the members of the Committee, summon a meeting of the Committee and except in the case of an emergency, reasonable notice of every Committee meeting shall be given in writing.

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

Each member of the Committee is entitled to one (1) vote in deciding the matters deliberated in the meeting.

Each member of Committee should abstain from discussion or voting on any resolutions in respect of his/her own remuneration.

The decision that gained the majority votes shall be the decision of the Committee. In the event of an equality of votes, the Committee Chairman shall be entitled to a second or casting vote.

Member of the Committee may participate in a meeting by means of conference telephone, conference videotape 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.

Questions arising at any meeting of the Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Committee.

7. SECRETARY

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

8. MINUTES

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

The minutes of the 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 Committee members may inspect the minutes of the Committee at the registered office or such other place as may be determined by the Committee.

9. FUNCTION AND RESPONSIBILITIES

9.1 The Committee shall consider the scope of service agreements and remuneration of executive directors of the Group and make such recommendations to the Boards of Directors of the Group as the Committee thinks fit.

9.2 The Committee shall review and make recommendations to the Board of Directors of the Group on the remuneration policies and packages of executive directors, CEO / MD and key senior management of the Group.

9.3 The Committee shall, on an annual basis and after taking due consideration of the assessment of the Nomination Committee of the effectiveness and contribution of every Director, CEO / MD and key senior management concerned, review the remuneration packages of the Directors, CEO / MD and key senior management of the Group and recommend to the Board specific adjustments in remuneration packages, if any.

9.4 The Committee shall review and make recommendations to the Board of Directors of the Group on Director's fees and other remuneration of non-executive directors and independent directors linking the level of remuneration to their level of responsibilities and contribution to their respective Board of Directors.

9.5 The Committee shall oversee any major changes in employee remuneration and benefit structures throughout the Group.

- 9.6 The Committee may review policy governing the remuneration of Directors as well as policies governing remuneration and promotion of key senior management of the Group annually.
- 9.7 The Committee may recommend to the Board the appointment of the services of such advisers or consultants, as it deems necessary to fulfill the responsibilities.
- 9.8 To provide a report summarizing its activities for the year in compliance with the Malaysian Code on Corporate Governance (“MCCG”), Listing Requirements and any relevant regulations.

10. OTHER FUNCTIONS

- 10.1 The Committee may obtain such information as it may require on the remuneration of any executive director, executive officer or employee of the Group.
- 10.2 The Committee shall be entitled to secure the attendance of any person with the relevant experience and expertise at the Committee meetings if the Committee considers this appropriate.
- 10.3 In considering its recommendations to the respective board of directors of the Group, the Committee shall be entitled to ensure that performance-related elements of remuneration should form a significant proportion of the total remuneration package of executive directors, MD as well as key senior management of the Group should be designed to align their interests with those of shareholders and to give such executive directors, MD and key senior management such incentives to perform at the highest levels.
- 10.4 The Committee may recommend to the respective Board of Directors of the Group, reasonable remuneration packages needed to attract, retain and motivate the Group’s executive directors and key senior management of the quality required.
- 10.5 The Committee may consider and recommend to the respective Board of Directors of the Group, the remuneration of the executive directors or executive officers relative to other companies and to be aware what comparable companies are paying, taking account of relative performance and using such comparisons with caution.
- 10.6 The Committee shall consider other matters as referred to the Committee by the Board or the board of directors of the respective subsidiaries.

11. ATTENDANCE OF OTHER DIRECTORS AND EMPLOYEES

The Board must ensure that the other Directors and employees only attends the Committee meeting with the Committee’s invitation, and only for the specific meeting that they have been invited to.

12. RIGHTS OF THE COMMITTEE

The Company must ensure that, wherever necessary and reasonable for the performance of its duties, the Committee must, in accordance with a procedure to be determined by the Board and at the cost of the Company:

- (a) Have authority to investigate any matter within its terms of reference;
- (b) Have the resources which are required to perform its duties;
- (c) Have full and unrestricted access to any information pertaining to the Company;
- (d) Be able to obtain independent professional or other advice; and

- (e) Be able to convene meetings excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

13. REVIEW OF THE COMMITTEE

The Board of the Company must review the following:

- (a) Terms of office of each of its Committee members on an annual basis; and
- (b) Performance of the Committee and each of its members annually,

to determine whether the Committee and such members have carried out their duties in accordance with their terms of reference.

14. AUTHORITY

The Committee is authorised:

- (a) To seek any information it requires from any employee of the Company in order to perform its duties;
- (b) To obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- (c) To call any employee to be questioned at a meeting of the Committee as and when required.

15. CIRCULAR RESOLUTION

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

Any such resolution may consist of several documents in like form each signed by two (2) or more of the members of the Committee. Any such documents may be accepted as sufficiently signed by a Committee if transmitted to the Company by facsimile or electronic mail to include as a signature of a member of the Committee.

16. APPOINTMENT PROCESS

In the event of any vacancy resulting to the number of members falling below three (3), the Board must fill the vacancy within three (3) months.

17. REVIEW OF THE TERMS OF REFERENCE

The Committee shall recommend any changes to its terms of reference in such manner as the Committee deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the MCCG, Listing Requirements or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the Committee's role.

This Terms of Reference was adopted by the Board on 24 May 2023.

END