

VERSATILE CREATIVE BERHAD

(Company No. 603770-D)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

(Updated as at 22 July 2019)

1. Objectives

The principal objective of the Remuneration Committee (“RC” or “Committee”) is to assist the Board of Directors (“Board”) in their responsibilities in establishing policies and procedures on the remuneration of directors taking into consideration the need to attract and retain talents in the Company and its subsidiaries (“Group”)

The Board decides on the remuneration packages which are determined by the abovementioned policies and procedures of the Company and its subsidiaries after considering the recommendations of the RC. The individual directors shall abstain from discussing their own remuneration.

2. Composition of members

The Board shall elect the RC members from amongst themselves and shall not be less than three (3) members.

The RC shall be composed wholly or mainly of non-executive directors, a majority of whom must be independent.

In the event of any vacancy in the RC resulting in the number of members of the RC falling below three (3), the vacancy shall be filled as soon as possible, but shall not be later than three (3) months of that event.

4. Chairman

The Chairman of the RC shall be elected from amongst the RC members and approved by the Board. In the absence of the Chairman, any one (1) of or the remaining independent non-executive director(s) shall be the Chairman for that meeting.

5. Secretary

The Secretary of the RC shall be the company secretary of the Company.

6. Meetings

6.1 The RC 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 his/her discretion.

6.2 The Secretary shall, on the requisition of any member of the RC, summon a meeting of the RC.

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6.3 The Managing Director may be invited to attend meetings to discuss the performance of executive directors and make proposals as necessary. Executive directors should play no part in decisions on their own remuneration. Other members of the Board and management may attend meetings upon the invitation of the RC.

6.4 RC members may participate in a meeting by means of a conference telephone or similar communications equipment, through which all persons participating in the meeting can hear and speak with each other.

A participant on a conference call shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

The meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

A resolution in writing, signed by majority of the members of the RC, shall be as effectual as if it has been passed at a meeting of the RC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members.

6.5 All decisions of the RC shall be decided on the votes of simple majority of those members present. Any decision or recommendation made at the RC shall be subject to the review and ultimate approval of the Board.

7. Notice

Except in the case of an emergency, reasonable notice of every RC meeting shall be given in writing.

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 RC, 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 RC members and to other attendees as appropriate, at the same time.

8. Quorum

The quorum necessary for the transaction of business shall be two (2) members, one (1) of whom must be an independent non-executive director.

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9. Minutes

Minutes of each meeting shall be kept at the registered office and the secretary (which expression shall include the assistant of the secretary) shall distribute the minutes of each RC meeting to all members of the RC as well as the Board for notation. The minutes of the RC meeting shall be signed by the Chairman of the said meeting or by the Chairman of the next succeeding meeting. The Chairman's confirmation of the minutes shall be taken as a correct proceeding thereat.

10. Duties and Responsibilities

The duties and responsibilities of the RC are as follows:-

- 10.1 To review and assess the remuneration packages and structures of all the directors in all forms, with or without independent professional advice or other outside advice, taking into consideration the Group's policies and procedures on the remuneration of directors.
- 10.2 In respect of executive directors, to ensure that the level of remuneration packages commensurate with the skills, performance and responsibility expected of the director concerned and is sufficient to attract, motivate and retain directors needed to run the Group successfully as well as the market benchmarks.
- 10.3 In respect of non-executive directors, to ensure via the Board as a whole that the remuneration payable reflects the experience, time demanded of the directors to discharge their duties and the level of responsibilities undertaken.
- 10.4 In respect of senior management, to ensure that the remuneration packages commensurate with individual's performance, skills and experience, level of responsibility as well as the market benchmarks.
- 10.5 To structure the component parts of remuneration so as to link rewards to corporate and individual performance and to assess the needs of the Group for talents at Board level at a particular time.
- 10.6 To ensure that the remuneration and incentives for Independent Directors do not conflict with their obligations to bring objectivity and independent judgement to the Board.
- 10.7 To ensure that there are adequate retirement schemes in place for the executive directors.
- 10.8 To consider and examine such other matters as the RC considers appropriate.

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- 10.9 To engage external professional advisors to assist and/or advise the Committee, on remuneration matters, where necessary.
- 10.10 To review the fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of director or former director before presenting to the shareholders for approval.
- 10.11 To provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management as well as the overall remuneration framework of the Company.
- 10.12 To suggest any practices and procedures which enable the smooth administration and effective discharge of the RC's duties and responsibilities.
- 10.13 To decide and implement such other matters as may be delegated by the Board from time to time.

11. Adviser

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary at the expense of the Company.

12. Reporting responsibilities

- 12.1 The RC Chairman shall report to the Board on its proceedings after each meeting on all matters within the scope of its duties and responsibilities.
- 12.2 The RC shall make recommendations to the Board it deems appropriate on any area within its terms of reference and/or where action or improvement is needed.
- 12.3 The RC shall report to the Board on its activities, based on these Terms of Reference.

13. Review of the Terms of Reference

The Committee shall recommend any changes to its terms of reference to fulfil such other requirements as prescribed by Bursa Malaysia Securities Berhad and/or to align the RC with recommended best practices and proper corporate governance as the RC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated as and when necessary, not more than three (3) years.