



I-STONE GROUP BERHAD

Remuneration Committee Terms of References

1. PRIMARY PURPOSES

The primary objective of the Remuneration Committee ("Committee") is to establish a documented, formal and transparent procedure to support and advise the Board of Directors ("Board") and to recommend the remuneration package to the Board as a whole for approval, with each Director concerned abstaining from any decision as regards his remuneration.

2. MEMBERS

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, all of whom must be Non-Executive Directors, with a majority of them being independent.

The Committee shall elect a Chairman from among its members and the elected Chairman shall be an Independent Non-Executive Director.

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

- i) The Committee is authorised to seek any information it requires from management of the Company in order to perform its duties.
- ii) 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.
- iii) 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

In fulfilling its primary objectives, the Committee shall undertake, amongst others, the following duties and responsibilities:

- (a) ensuring that all the Executive Directors are fairly rewarded for their individual contributions to the Company's overall performance;
- (b) ensuring that the compensation and other benefits encourage Executive Directors to act in ways that enhance the Company's long-term profitability and value;
- (c) recommending to the Board a Remuneration Framework on the fee structure and level of remuneration for the Executive Directors;
- (d) recommending to the Board of Directors the remuneration package for Non-Executive Directors; and
- (e) The recommendations of Committee shall be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances and bonuses shall be covered by the Committee.

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. The nominated Chairman shall be an Independent Non-Executive Director.

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, majority of members present must be Independent Non-Executive Directors.

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 and any other person required to attend, 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.

END.

