



ZECON BERHAD

(Company No. 134463-X)

**REMUNERATION POLICY AND PROCEDURES
FOR DIRECTORS AND SENIOR MANAGEMENT**

**Approved and adopted by the Board of Directors of Zecon Berhad at the Board of Directors'
Meeting held on 25 August 2018**

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1. INTRODUCTION

The Remuneration & Nomination Committee (“RNC”) of Zecon Berhad (“Zecon” or “the Company”) shall be responsible for developing a formal and transparent policy and procedures to determine the remuneration of the directors and senior management. This policy shall apply to directors and Senior Management of Zecon Group.

This policy shall be approved by the Board of Directors (“Board”) of the Company for implementation.

2. REMUNERATION POLICY

The objectives of the Remuneration Policy are summarized as follows:

- (a) The Company aims to ensure that its remuneration packages are competitive, thereby enabling it to attract talent as well as nurture, retain and motivate high calibre and qualified Directors and Senior Management for the Group.
- (b) This policy seeks to enable the Group to provide a well-balanced and performance-related packages to the Directors and Senior Management of the Group, taking into account the interests of other stakeholders, relevant regulations and the general market practices.
- (c) This remuneration policy will ensure that the interests of the Directors and Senior Management of the Group are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Group and will be consistent with the "pay-for-performance" principle.

3. DETERMINANT OF REMUNERATION

- (i) For Non-Executive Directors, the RNC shall determine the appropriate level of remuneration, taking into account the specific roles and responsibilities of the individual director and the amount of time that they are expected to devote in discharging their roles.
- (ii) For Executive Directors and Senior Management, their level of remuneration shall commensurate with the level of responsibility and accountability of directors and senior management and the Group’s performance and/or their respective performance. However, market practices, retention and attraction of talent are amongst factors in determining the extent of appropriate short-term incentives.

- (iii) The remuneration of Senior Management shall also be governed by the Company's Staff Policies and Procedures, which will be reviewed against the industry in which the Company operates, with appropriate packages in attracting and retaining qualified Senior Management.
- (iv) The RNC shall review the level of salary of the Executive Directors and Senior Management periodically to ensure that it continues to be competitive and provides proper rewards and incentives to them.

4. REMUNERATION PACKAGES

- (i) The remuneration for Executive Directors shall consist of fixed salary, allowances, bonus, benefits-in-kind including car, healthcare, insurance coverage and vacation benefit on a claimable basis.
- (ii) The Non-Executive Director shall receive allowances, insurance coverage and vacation benefits on a claimable basis. At the same time, Non-Executive Directors shall be paid meeting allowance for the attendance at Board, Board Committees and general meetings.
- (iii) The Directors may be paid Directors' fees subject to annual shareholders' approval at a general meeting.
- (iv) The Director shall be paid for travelling and other expenses necessarily expended by them pertaining to the Company's businesses, attending at Board, Board Committee and general meetings of the Company
- (v) The remuneration for Senior Management shall consist of fixed salary, allowances, bonus, benefits-in-kind including car, healthcare, insurance coverage and a fixed vacation benefit.

The Senior Management shall also be entitled to be repaid all travelling and accommodation expenses properly incurred by them in discharging their duties.

The interested Director should abstain from deliberation and voting on his/her own remuneration during the meetings of Board and Shareholders.

5. EVALUATION OF COMPETITIVE LEVEL

The competitive level of compensation will be monitored against the remuneration of a group of peer companies on an annual basis, if necessary.

The companies to be included in the remuneration peer group are selected according to the following criteria:

- Industry : preferably companies in the construction industry listed on the Main Market of Bursa Malaysia Securities Berhad.
- Size : assets, revenue and issued & paid-up capital.
- Location : companies operating in Malaysia.

In addition to the above, the Group will also take into consideration the following factors in determining the Directors' remuneration;-

- Economic Indicators
- Consumer Price Index
- Company's Business Performance

The NRC shall regularly review and if necessary, amend the above criteria to ensure they continue to provide a reliable basis for comparison.

6. REVIEW OF POLICY AND PROCEDURES

The RNC of the Company shall review this policy on a periodical basis and when necessary, to revise the policy in accordance with the changing applicable rules and regulations governing the Company so as to reflect the current best practices.

7. COMPLIANCE REQUIREMENTS

7.1 The Terms of Reference of the RNC of Zecon

The Committee shall recommend the remuneration packages of the Directors for shareholders' approval.

7.2 Article 78 (1) of the Company's Articles of Association

The fees of the Directors shall from time to time be determined by the Company in general meeting. Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of proposed increase has been given in the notice convening the meeting;

7.3 Paragraph 7.23 of Bursa Securities Listing Requirements

Fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover.

7.4 Practice 6.1 of the Malaysian Code on Corporate Governance

The board has in place policies and procedures to determine the 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.

7.5 Section 230(1) of the Companies Act, 2016

The fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or of a listed company and its subsidiaries, shall be approved at a general meeting.

8. DISCLOSURE

- 8.1 The Board will make appropriate disclosure in its annual report on the remuneration of individual directors, including explaining any departure from the best practices and recommendations as set out by the Malaysian Code on Corporate Governance 2017 (if any).
- 8.2 This Policy will be published on Zecon's website for public information.

9. APPROVAL

This Policy was approved for adoption by the Board of Zecon at its meeting held on 25 August 2018.

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