



Report of the NOMINATION AND REMUNERATION COMMITTEE

The Board is pleased to issue the following report of the Nomination and Remuneration Committee and its activities during the financial year ended 31 December 2012.

COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

- i. The Nomination and Remuneration Committee shall have at least three (3) members, all of whom shall be Non-Executive Directors with the majority being independent directors. The quorum for the Committee shall be two (2) members, of which one shall be an independent director;
- ii. The Chairman of the Committee shall be the Senior Independent Director. In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting;
- iii. In the event of equality of votes, the Chairman of the Committee shall have a casting vote (except where two (2) directors form the quorum);
- iv. The appointment of a Committee member terminates when the member ceases to be a director, or as determined by the Board.
- iii. The Secretary of the Committee shall be the Company Secretary. Committee meeting agendas shall be the responsibility of the Committee Chairman with input from Committee members. The Chairman may also request management to participate in this process. The agenda for each meeting including supporting information shall be circulated at least seven days before each meeting to the Committee members and all those who are required to attend the meeting;
- iv. The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be available to all Board Members;
- v. The Committee, through its Chairman, shall report to the Board at the next Board of Directors' meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Best Practices and the Principles of the Malaysian Code on Corporate Governance and the Bursa Malaysia Listing Requirements;
- vi. The Chairman of the Committee shall be available to answer questions about the Committee's work at the Annual General Meeting of the Company.

MEETINGS

- i. The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairman. The Committee may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration;
 - ii. The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group. The Committee may request other directors, members of management, counsels, consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities. Non-Committee directors and members of management in attendance may be required by the Chairman to leave the meetings of the Committee when the Chairman so request;
- During the financial year, Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman, resigned as the Chairman of the Committee on 7 December 2012. Khalid bin Sufat was appointed as the Chairman of the Committee while Datin Paduka Kartini binti Hj. Abdul Manaf was appointed as a Committee Member on the same date. The current composition of the Committee now stands at three (3) members.



Report of the NOMINATION AND REMUNERATION COMMITTEE cont'd

A total of seven (7) meetings were held during the year. The attendance record of each member during the financial year are as follows:

Members of Nomination and Remuneration Committee No. of Meetings Attended

Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman Chairman, Non-Independent Non-Executive Director <i>(resigned from the Committee w.e.f. 7 December 2012)</i>	7/7
Khalid bin Sufat Chairman, Senior Independent Non-Executive Director <i>(appointed as Chairman of the Committee w.e.f. 7 December 2012)</i>	7/7
Dr. Leong Chik Weng Member, Independent Non-Executive Director	7/7
Datin Paduka Kartini binti Hj. Abdul Manaf Member, Non-Independent Non-Executive Director <i>(appointed as Member of the Committee w.e.f. 7 December 2012)</i>	N/A

TERMS OF REFERENCE

Objectives

- i. To recommend to the Board of Directors, candidates for all directorships in the Company and Group to be appointed by the shareholders or the Board;
- ii. To recommend to the Board, directors to fill seats on Board Committees;
- iii. To consider candidates for directorships proposed by the Group Managing Director or CEO and within bounds of practicability, by any other senior executive or any director or shareholder;
- iv. To evaluate the effectiveness of the Board and Board Committees with regard to their structure, size, balance and composition including the required mix of skills, knowledge, expertise, experience, professionalism, integrity including core competencies which Non-Executive Directors should bring to the Board, and contributions of each individual director;
- v. To establish the Key Performance Indicators (KPIs) of the Group Managing Director and review his performance against the KPIs set;
- vi. To evaluate the candidates' ability to discharge such responsibilities/functions as expected from Non-Executive Directors, in the case of candidates for the position of Independent Non-Executive Directors;
- vii. To provide adequate training and orientation to new Directors as well as continuous training to current Directors with respect to business, structure and management of the Group as well as the expectations of the Board;
- viii. To recommend to the Board whether Directors retiring by rotation should be put forward for re-election;
- ix. To ensure an appropriate framework and plan for Board and Management succession in the Group;
- x. To review and ensure that the policy on Directors' fees for the Company and Group are in line with market and industry practice and are reflective of the contribution of each individual director;
- xi. To review and recommend to the Board, the appointment, promotion or termination of the Group Managing Director and his direct reports;

- xii. To review the Group Managing Director's recommendation on the KPIs of his direct reports and their performance against the KPIs set;
 - xiii. To review and recommend to the Board the policies on the remuneration package including increment and bonus of the Group Managing Director and his direct reports;
 - xiv. To review and recommend to the Board the global increment, bonus and incentive package for employees of the CCM Group of Companies;
 - xv. To review and recommend to the Board any new incentive package and/or amendments to any existing incentive package for employees in the CCM Group of Companies;
 - xvi. To consider other matters as referred to the Committee by the Board.
- iii. Recommended for approval of the Board the remuneration package of the Division Directors and Chief Executive Officer of the CCM Group of Companies;
 - iv. Reviewed and recommended to the Board the remuneration package for the Board of Directors of the Company;
 - v. Reviewed the Management's recommendation on appointments or promotions of senior management personnel of the Group;
 - vi. Reviewed and recommended for approval of the Board the annual global increment and bonus package for employees of the Group;
 - vii. Reviewed and recommended for approval of the Board the Performance Management System and Bonus Scheme Remodelling for employees of the Group;
 - viii. Reviewed the remuneration policy for Executives on subsidiary Boards;
 - ix. Ensured that all Directors received appropriate continuous training programmes in order to keep abreast with developments in the relevant industry and with changes in the relevant statutory and regulatory requirements;
 - x. Considered other matters as referred by the Board.

ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Committee:

- i. Recommended for approval of the Board the appointment of new Directors to the subsidiaries of the Group;
- ii. Recommended for approval of the Board the appointment of Directors to the Board Committees;