

1. Introduction

This policy sets out the criteria to be used in recommending the remuneration package of Directors of Leader Steel Holdings Bhd (“Leader Steel” or “LSHB” or the “Company”) and is in line with the best practice provisions of the Malaysian Code on Corporate Governance (MCCG) 2012.

2. Objectives

This policy is designed to:

- 2.1 Determine the level of remuneration package of Directors and Group MD and Group CFO;
- 2.2 Attract, develop and retain high performing and motivated Directors and Group MD and Group CFO with a competitive remuneration package;
- 2.3 Provide a remuneration such that the Directors and Group MD and Group CFO are paid a remuneration commensurate with the responsibilities of their position; and
- 2.4 Encourage of value creation for the Company and its Stakeholders.

3. Remuneration Components

3.1. Fixed Remuneration for Group MD, Executive Directors and Group CFO

The fixed salary is determined according to:

- The scope of the duty and responsibilities;
- The conditions and experiences required;
- The ethical values, internal balances and strategic targets of the Company;
- The corporate and individual performance; and
- Current market rate within the industry and in comparable companies.

3.2. Bonus

The bonus in the case of Group MD, Executives Directors and Group CFO is designed to reward outstanding performance.

The bonus is granted to reflect the Group MD, Executive Directors and Group CFO's performance as well as Group results. A discretionary assessment is made to ensure that all factors which include measurable and not directly measurable are considered.

3.3. Fixed Fee for Members of Board of Directors

The fixed fee is determined according to:

- On par with the rest of the market;
- Reflect the qualifications and contribution required in view of the Group's complexity;
- The extent of the duty and responsibilities; and
- The number of Board meetings

3.4. Other Benefits and Allowances for Members of Board of Directors

The benefits and allowances are determined by the Board per the Framework approved from time to time.

4. Periodic Review and Disclosure

The Remuneration Committee should conduct a review on an annual basis of the criteria to be used in the recommending the remuneration package of Directors, Group MD and Group CFO. The Remuneration Committee should promptly communicate the new changes or amendments of the criteria to the Board and individual Directors.

The Board should disclose this policy in the annual report.

5. Effective Date

This policy is dated 29 May 2014.