



NEW HOONG FATT HOLDINGS BERHAD
Registration No. 199701010213 (425709-K)

REMUNERATION POLICY

Current Review Date: 25 November 2024

NEW HOONG FATT HOLDINGS BERHAD REMUNERATION POLICY

A. Introduction

The objective of this Policy is to guide New Hoong Fatt Holdings Berhad (“the Company”) and its subsidiaries (collectively “the Group”) in attracting, retaining and motivating its Directors and Key Senior Management personnel for delivering its strategic objectives. The remuneration policy and practices enlisted herein ensure that the Company/Group rewards individual performance fairly and responsibly, with a clear link to corporate performance.

This Policy applies to all Directors (Executive and Non-Executive) and Key Senior Management of the Group. Key Senior Management comprises personnel holding the position of General Managers and above.

This Remuneration Policy is approved by the Board of Directors (“the Board”) on the recommendation of the Remuneration Committee (“RC”). The RC has overall responsibility for overseeing the implementation of this Policy and its related procedures.

B. Remuneration Guidelines

- (1) On a yearly basis, the RC shall review and recommend to the Board the remuneration packages for the Executive Directors, Non-Executive Directors and Key Senior Management.
- (2) It is the responsibility of the Board as a whole to approve the remuneration packages for Directors. However, any fees and benefits payable to Directors, including compensation for loss of employment of a current or former director, of the Company or its subsidiaries are subject to shareholders’ approval at a general meeting.
- (3) No Director shall participate in deliberations or vote on decisions concerning his or her own remuneration. Directors who are shareholders of the Company should abstain from voting at general meetings in relation to the approval of their fees.
- (4) The level of remuneration shall be aligned with the complexity and performance of the Company, the individual’s responsibilities, the Company’s long-term objectives, values and shareholders’ interests.
- (5) The Management will strive to benchmark the Group’s remuneration by comparing its compensation packages with those of comparable organisations in terms of size and industry, ensuring that the offerings remain competitive and aligned with market standards.
- (6) When considering severance payments, care should be taken to avoid determining a severance package that public opinion might deem to be excessive.

C. Remuneration Structure

(1) Executive Directors and Key Senior Management

The remuneration for the Executive Directors and Key Senior Management shall be structured to link rewards to both corporate and individual performance and shall take into consideration remuneration packages offered to Executive Directors and key senior management at comparable companies, whether in size and/or industry, the individual's performance, level of responsibilities, and market competitiveness. Their remuneration shall comprise of:

- (a) salary
- (b) bonuses
- (c) director's fee (where applicable)
- (d) benefits-in-kind and other emoluments, e.g., car benefits, insurance, severance payments (where appropriate)

The performance of the Executive Directors will be reviewed by the RC on an annual basis, while the performance of the Key Senior Management personnel will be evaluated twice a year by the Executive Chairman and Managing Director.

A bonus framework for the Executive Directors and Key Senior Management is attached as **Appendix A**.

(2) Non-Executive Directors

The remuneration for the Non-Executive Directors shall be aligned with market terms, taking into consideration remuneration paid to Non-Executive Directors at comparable companies, whether in size and/or industry, the individual's performance, level of responsibilities, market competitiveness, time commitment required, as well as the overall performance of the Group.

The remuneration and incentives for the Non-Executive Directors should not conflict with their obligation to provide objective and independent judgment.

The Non-Executive Director's remuneration shall not be based on turnover or include commission or profit percentage and shall comprise of:

- (a) director's fees
- (b) meeting allowance, as follows:

Meeting (per meeting)	Chairman	Member
Board meeting & general meeting	-	1,000
Board Committee Meeting:		
- Audit and Risk Management Committee	3,000	1,000
- Nomination Committee	1,500	500
- Remuneration Committee	1,500	500

D. Review of Policy

This Remuneration Policy is subject to review by the RC and approved by the Board on an annual basis. It will be revised as appropriate to ensure compliance with prevailing rules, guidelines and best practices.

The Remuneration Policy is made available on the website of the Company at www.newhoongfatt.com.my.

BONUS FRAMEWORK

The following bonus framework is applicable to the Group's **Executive Directors** and **Key Senior Management** personnel.

The objective of this Bonus Framework is to link the appraisal process of employees' performance to specific reward and incentive outcomes. This alignment aims to motivate employees to drive results that contribute to the Group's long-term success.

(a) Company-based Bonus Scheme ("CBS")

A performance appraisal will be carried out twice a year in order to keep track of the employee's performance. The appraisal process will assess the achievement of the individual's Key Performance Indicators ("KPIs") as well as their competency in alignment with the Group's core values and Leadership and Management Expectations. The rating outcome of this appraisal will determine the bonus referred to as CBS.

(b) Performance-based Bonus Scheme ("PBS")

At the beginning of each year, certain employees will be given performance targets for the year, categorised as 'meet target' and 'exceed target'. The achievement of these targets will determine the PBS bonus, which is subject to a satisfactory achievement in the overall performance rating of the employee based on the whole-year appraisal.

Bonus Allocation for EDs

The ED's performance will be assessed based on the achievement of the corporate targets set in the annual budget. The total bonus allocation is structured as follows:

Target achieved on Corporate Budget	Bonus allocation
Below 90%	At the discretion of RC
90% to 110%	Up to 6 months
Above 110%	Up to 9 months

The final bonus allocation to be paid is subject to the satisfactory achievement in the overall performance of the Director based on the whole-year performance.

Included in this total bonus allocation is the CBS, which is determined based on the Group's performance during the financial year. CBS is normally paid before the Chinese New Year each year. The remainder of the bonus allocation after deducting CBS is PBS, which will be paid within 3 months after the payment of CBS.

Example:

If the total bonus allocation is worked out to be 6 months and the CBS for that year is 2 months, then the PBS will be 4 months, as shown below:

CBS	2 months
PBS	<u>4 months</u>
Total bonus	<u>6 months</u>

For Directors who are not accountable for Revenue or Profit Before Tax, the bonus amount will be CBS only.

Bonus Allocation for Key Senior Management

The bonus allocation for Key Senior Management personnel will be calculated as follows:

- (i) CBS - this bonus is determined based on the performance rating of the employee; and
- (ii) PBS - this bonus is determined based on the individual's achievement of the stretched PBS targets set.

For employees without PBS, the bonus amount will be CBS only.

Example:

If CBS for the employee based on performance rating is 2 months and the employee's PBS is 3 months, the total bonus allocation for that employee is as follows:

CBS	2 months
PBS	<u>3 months</u>
Total bonus	<u>5 months</u>

The CBS will be paid the following year before Chinese New Year, while the PBS will be paid in April.