



LEONG HUP INTERNATIONAL BERHAD

Registration No. 201401022577 (1098663-D)

REMUNERATION POLICY

23 NOVEMBER 2021

(Last reviewed on 27 February 2024)

Introduction

In line with the recommendation of the Malaysian Code on Corporate Governance as at 28 April 2021, Leong Hup International Berhad (“LHI” or “Company”) has established a formal and transparent remuneration policy and procedures to attract and retain a suitable number of talented and well-qualified Directors and Key Senior Management. Remuneration packages have been designed to reflect the Board’s and Key Senior Management responsibilities, expertise and complexity of the Company’s activities in line with the long-term business strategies and objectives of the Company.

The Remuneration Policy (“the Policy”) sets out to provide remuneration principles and guidelines for Executive Directors (“EDs”), Independent Non-Executive Directors (“INEDs”) and Key Senior Management (“KSM”) of LHI.

Objectives and Guiding Principles

The Policy is designed to meet the following objectives:

- (i) determine the level of remuneration package of Directors and KSM.
- (ii) attract, recruit, develop and retain experienced, knowledgeable and high calibre Directors and KSM.
- (iii) provide remuneration to Directors and KSM that commensurate with their responsibilities and competitive with the relevant market and industry practice.
- (iv) align the incentive plans, performance measures and targets for Directors and KSM whilst taking into account the interest of all stakeholders as well as Company’s performance.

The following key principles underpin LHI’s approach on remuneration:

Principle	Objective	Approach
Ensure Governance	To ensure adherence with best corporate practices.	<ul style="list-style-type: none">• Oversight and review by Remuneration Committee and Board of Directors.• Guided by input from Audit and Risk Committee, Nomination Committee and other stakeholders.
Appropriate assessment of performance	To promotes prudent risk taking and long-term sustainability.	<ul style="list-style-type: none">• Consideration on individual performance, respective country performance and Profit After Tax and Minority Interests (“PATMI”) of LHI Group.
Market competitiveness	To have remuneration that attract, motivate and retain the right talent.	<ul style="list-style-type: none">• The remuneration package should be market competitive in the geographies and industries that LHI Group operate in.

Remuneration Components

The remuneration of EDs is set by the Board based on the recommendation from the Remuneration Committee (“RC”) on annual basis review, whereas, the remuneration of INEDs also operates on the same basis, except it requires shareholders’ approval in accordance with Section 230(1) of the Companies Act 2016.

Each Director shall abstain from deliberations and voting on decisions in respect of his/her own remuneration.

The remuneration components of KSM shall consist of basic salary, performance-based bonus, benefits-in-kind and other incentives (where applicable), and to be determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise, level of responsibilities and is structured so as to link reward to individual and corporate performance.

The RC is empowered to make quantitative and qualitative assessment of performance in reaching its recommendations. The RC is also responsible to provide appropriate disclosure of the use of discretion, if required, so that shareholders can understand the basis of its recommendation.

A Summary of the remuneration package for the EDs and KSM is composed by two (2) main components - fixed and variable:

Principle	Intention	Approach
Fixed	Consists of base salary benefit and fixed allowances.	<ul style="list-style-type: none"> Determined based on skills, competencies, responsibilities and performance of employee taking into consideration market competitive levels.
Variable	Annual cash bonus.	<ul style="list-style-type: none"> Purpose of motivating, rewarding and retaining high performing employees who generate shareholder value and contribute to the success of the Group. Performance based reflecting the individual employee’s efforts, and the performance of business unit or function as well as LHI Group’s results.

The methodology of the performance bonus of Directors and KSM for each of the operating country and group basis (“LHI Group”) would be computed based on the following formula:

(i) $[PATMI - (Total\ Equity - Non-Controlling\ Interests = Equity\ attributable\ to\ shareholders \times Base\ Profit\ Rate)] = Surplus\ PATMI \times percentage\ of\ sharing$

- (a) A base profit rate of 4% of Attributable Equity to be reviewed on annual basis
- (b) Bonus should only be paid if there is Surplus PATMI above Base Profit required.
- (c) Surplus PATMI sharing percentage agreed at 7%

- (ii) To cap the bonus payment of each person at not more than 200% of the base salary (last drawn salary) of the EDs and KSM.
- (iii) Group share bonus calculated may be shared with the EDs and KSM of operating countries, subject to the cap on bonus payment under item (ii) above.
- (iv) Total performance bonus payable would be the lower of (x) the amount determined based on the formula under item (i) above **or** (y) 10% of LHI Group's PATMI.

Remuneration for INEDs is in the form of annual fee and meeting allowances taking into account the nature of the role and responsibilities of the respective INEDs.

Principle	Component	Component Description
Fixed	Annual Fees	<ul style="list-style-type: none"> • A fixed annual fee for the ongoing contribution to the Board and Committees.
Fixed	Meeting Allowance	<ul style="list-style-type: none"> • A payment shall be made on a per-meeting basis (Board or Committee Meetings) with a condition that attendance (physical or virtual) is a prerequisite for remittance.

Review of the Policy

The RC reviews this Policy on a periodic basis to assess its effectiveness and relevancy, in line with current market practices and requirements. Any amendments or changes to this Policy shall be deliberated by the RC, and any recommendation for revisions shall be presented to the Board of Directors for approval.

Disclosures

This Remuneration Policy was last reviewed by the Board of Directors on 27 February 2024 and is made available for reference on the Company's website, www.leonghupinternational.com.