



HIAP TECK VENTURE BHD

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

16 December 2019

1. INTRODUCTION

This policy sets out the criteria to be used in recommending the remuneration package of Directors and Senior Management of Hiap Teck Venture Berhad (the “Company”) and is in line with the best practice provisions of the Malaysian Code on Corporate Governance.

2. OBJECTIVE

To structure the component parts of remuneration packages for Directors and Senior Management to attract, motivate, reward and retain the right talent in pursuing and drive the Company’s long term goals and ensuring business sustainability and growth.

3. REMUNERATION GUIDING PRINCIPLES

The remuneration of the Executive Deputy Chairman (“EDC”), Executive Directors (“EDs”) and Key Senior Management (“SM”) will be determined after taking into consideration the following criteria:

- Scope of duty and responsibilities
- Skills and experience required
- Scale and complexity of both the role and the business
- Company’s budgets and strategic targets
- Corporate and individual performance
- Achievement of annual KPIs (both qualitative and quantitative KPIs)
- Prevailing market practice and market benchmark
- General economic situation
- Extent of contributions, effort and time spent
- Attendance at meetings and the frequency of meetings

The remuneration packages for the EDC, EDs and SM shall consist of short term base rewards together with a significant proportion in performance bonus and longer term benefits provided by the Employees Share Option Scheme (“ESOS”).

The remuneration of Non-Executive Directors (Independent and Non-Independent) will be determined based on the following criteria:

- Qualifications and contributions required
- Number of board committees on which the individual director served
- Experience and level of responsibilities undertaken
- Extent of contributions, effort and time spent
- Prevailing market practice and market benchmark

4. REMUNERATION FRAMEWORK

4.1 EXECUTIVE DEPUTY CHAIRMAN AND EXECUTIVE DIRECTORS

The remuneration of the EDC and EDs is made up of the following:

- a. Fixed Salary
- b. Performance Based Bonus
- c. Employees Share Option Scheme
- d. Benefits-in-kind (such as group insurance coverage, medical benefits, motor vehicle allowance, petrol allowance, travelling allowance, provision of driver and provision of mobile devices)
- e. Other emolument such as reimbursement of expenses incurred, if any, in the course of performing their services
- f. Directors and Officers Liability Insurance

4.2 NON-EXECUTIVE DIRECTORS (INDEPENDENT AND NON-INDEPENDENT)

The remuneration of the Non-Executive Directors is made up of the following:

- a. Directors' Fees
- b. Board Committee' Fees
- c. Meeting allowance (As for meeting allowance, no distinction shall be made between participation in person and virtual participation by video, teleconference or other electronic means. Virtual participation during meetings will constitute attendance and meeting allowance will be accorded accordingly.)
- d. Employees Share Option Scheme
- e. Other emolument such as reimbursement of expenses incurred, if any, in the course of performing their services
- f. Directors and Officers Liability Insurance

4.3 KEY SENIOR MANAGEMENT ("SM")

The remuneration of SM is made up of the following:

- a. Fixed Salary
- b. Performance Based Bonus
- c. Employees Share Option Scheme
- d. Benefits-in-kind (such as group insurance coverage, medical benefits, motor vehicle allowance, petrol allowance, provision of driver and provision of mobile devices)
- e. Other emolument such as reimbursement of expenses incurred, if any, in the course of performing their services

5. REMUNERATION PROCEDURES

- The remuneration of EDC, EDs, NEDs and SM (collectively, “the parties”) shall be the ultimate responsibility of the Board after considering the recommendations from the Remuneration Committee (“RC”).
- In determining the remuneration package of the parties, the remuneration guiding principles as stated in item 3 above will be taken into consideration.
- The evaluation on the achievement of each of the annual targets by the EDC, EDs and SM against an agreed performance standard and measurements is reviewed by the EDC, and thereafter, recommend the remuneration to the RC for consideration and subsequent recommendation to the Board for approval.
- The parties shall not participate in determining their own remuneration. The individual parties concerned shall abstain from discussion and voting on his or her own remuneration.
- Remuneration of the parties will be reviewed annually by the Board after taking independent advice of the RC. The Board will then recommend the payment of Directors’ fees and other benefits payable to Non-Executive Directors to the shareholders for approval at each Annual General Meeting of the Company
- RC shall have access to professional advice on remuneration matters both within the Group and from external specialists in this field.
- Level of remuneration should be sufficient to attract and retain the parties needed to run the Group successfully.
- Detail remuneration of all Directors should appear in the Annual Report with the need for transparency and accountability in the setting of Directors’ pay, benefits and remuneration having regard to the interests of all parties, the Company, the Directors and the shareholders.
- The fees and any benefits payable to the Non-Executive Directors of the Company shall be approved at the General Meeting. The resolution contained in the notice seeking shareholders’ approval for Non-Executive Directors’ fees and benefits payable would include a quantitative breakdown of remuneration components and corresponding period for which approval is sought.
- Directors’ remuneration shall be disclosed on a named and individual basis and by the exact amount, both at the Company level and Group level.

6. REMUNERATION POLICY REVIEW

This policy shall be reviewed by the RC periodically in accordance with the needs of the Company.

16 December 2019