

HAILY GROUP BERHAD

Registration No. 202001006412 (1362732-T)

(Incorporated in Malaysia)

REMUNERATION POLICY

1. INTRODUCTION

Practice 6.1 of the Malaysian Code on Corporate Governance (“MCCG”) recommends that the Board of Directors (“Board”) should establish a policy formalizing its approach to determine the remuneration package which takes into account the demands, complexities and performance as well as skills and experience of the directors and senior management.

2. OBJECTIVES

This policy applies to the Executive Directors (“ED”), Non-Executive Directors (“NED”) and Senior Management of HAILY GROUP BERHAD (“HGB” or “the Company”).

This policy is designed to support the Company’s key strategies, create a strong performance-oriented environment which is able to attract, motivate and/or retain talents of high calibre. This policy shall adhere to the following key principles:-

- The total remuneration shall be set at levels that are competitive with the relevant market and industry;
- EDs’ remuneration shall be performance-based;
- incentive plans, performance measures and targets shall be aligned with shareholders’ interest in mind;
- provide an appropriate level of transparency to ensure the policy underlying the EDs’, NED’s and Senior Management’s remuneration is understood by investors; and
- ensure a level of equity and consistency.

3. REMUNERATION COMPONENTS

a) Fixed Remuneration for Executive Directors

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.

b) Bonus

The bonus in the case of Executives Directors and Senior Management is designed to reward outstanding performance. The bonus is granted to reflect the Executive Directors' and Senior Management's performance as well as its subsidiaries (collectively referred to as "the Group"). A discretionary assessment is made to ensure that all factors which include measurable and not directly measurable are considered.

c) Fixed Fee for Members of Board of Directors (in particular, Non-Executive Directors)

Fees payable to NED shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. The fixed fee is determined according to:-

- Be 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.

d) Fixed Remuneration for Senior Management

The fixed salary is determined according to:-

- The scope of the duty and responsibilities;
- The conditions and experiences required;
- The corporate and individual performance;
- Individual's overall contribution to the Company's strategy and operation; and
- Current market rate within the industry and in comparable companies.

e) Other Benefits and Allowances

The benefits and allowances which should be decided by the Board as a whole upon the recommendation of the Remuneration Committee include:-

- Allowance of the Chairman of the Board including chairmanship and memberships of Board Committees;
- Meeting allowance;
- Expenses such as, travelling and entertainment expenses incurred in the course of their duties as directors of the Company ("Directors"); and
- Benefit in kind such as, motor vehicle, petrol, driver and accommodation and such other benefits deemed appropriate and in line with industry standards.

4. MONITORING AND REPORTING

On an annual basis, the Remuneration Committee shall discuss and agree on all measurable objectives for offering fair remuneration packages for EDs, and Senior Management and recommend them to the Board for adoption. No Director shall participate or vote on the deliberations and decisions concerning his/her own remuneration.

The Board is free to seek to improve one or more aspects of the remuneration packages and measure progress accordingly. On this, the Board may seek professional advice from outside sources to assist the Board in formulating an attractive compensation and benefits package that aims to attract, retain and motivate talents.

Disclosure of Directors' remuneration shall be made in the corporate governance report/ corporate governance overview statement in the Company's Annual Report. Such a report/statement shall include details of the Directors' remuneration in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

5. REVIEW OF POLICY

The Remuneration Committee should conduct a periodic review of the criteria to be used in recommending the remuneration package and will be amended as appropriate to align with the current market practices and requirements of the MCCG. Any requirement for amendment shall be deliberated by the Remuneration Committee, and any recommendation for revisions shall be presented to the Board for approval. The latest copy of this policy shall be made available on the Company's website.

This Remuneration Policy was approved and adopted by the Board on 2 September 2020.