



SENHENG NEW RETAIL BERHAD
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TERMS OF REFERENCE:

REMUNERATION COMMITTEE

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Document Revision History

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1.0 Objectives

The establishment of the Remuneration Committee ("RC" or the "Committee") is to assist the Board of Directors ("Board") of Senheng New Retail Berhad (the "Company") and its group of companies (collectively referred to as the "Group" hereinafter) to develop and ensure that a transparent and independent process are in place to determine the remuneration packages of the Directors and Senior Management of the Group.

RC also functions in establishing the remuneration framework's policies and procedures, including reviewing, and advising the Board on all matters pertaining to the pay, terms of employment, reward structure, and fringe benefits for Executive Directors and other important pivotal positions. The Committee shall demonstrate to all business stakeholders that the compensation of the Group's Executive Directors is decided by a Committee of the Board, which has no personal investment in the results of its choices and will take into account shareholder interests as well as the Group's financial and commercial health.

The remuneration packages are determined on the basis of the Directors' and Senior Management's merit, qualification, and competence, having regard to the Group's operating results, individual performance and comparable market statistics which shall be competitive and consistent with the Group's culture, objectives, and strategy in order to attract and retain the right talent in the Board and Senior Management for the Group's long-term objectives.

2.0 Composition of the Committee

The Committee shall be appointed by the Board from amongst its members, comprising of at least three (3) members, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors.

In the event of any vacancy in the Committee resulting in the number of members is reduced to below three (3), the vacancy must be fulfilled within three (3) months from the occurrence of the event to fulfil the minimum requirement. RC members may renounce their membership in the Committee with early written notice to the Company Secretary. All members of the Committee will hold office only so long as they serve as the Director of the Company.

3.0 Chairman of the Committee

The position of Executive Chairman of the Board and the Committee shall be held by different individuals. The Chairman of the Committee must be an Independent Director and elected amongst the members of the Committee.

The Chairman should act as the key contact between Board members and Committee members as well as Senior Management, or relevant functions within the Group. The duties of Chairman of the RC, amongst other, are listed below:

- Planning and conducting meetings.
- Overseeing the reporting to the Board.
- Encouraging open discussion during meetings; and

- Developing and maintaining active on-going dialogue with Management, and / or relevant functions within the Group.

4.0 Rights of the Committee

The Committee is authorised by the Board and at the expense of the Group, shall have access to adequate resources and authority to discharge its duties and responsibilities, including seeking independent professional advice or outside advice, as it deems necessary.

The Committee may invite other Directors, members of Management, counsels, etc. as appropriate, to participate at Committee meetings to assist the Committee to carry out their responsibilities and duties effectively.

5.0 Functions and Duties of Committee

All main functions and responsibilities of the Committee shall include, but are not limited to the following:

- To review and recommend to the Board the remuneration policy and framework for Directors and Senior Management of the Group, drawing on independent professional advice if necessary.
 - Ensure the compensation policies and packages for Directors and Senior Management are in line with the Group's strategic objectives and reward contributions to the Group's long-term success while also reflecting the demands, complexity, and overall performance of the Group.
 - Ensure performance goals are balanced between long and short-term objectives and aligned with the interests of shareholders.
 - Ensure the compensation scale is in line with the Group's success and the time commitment, responsibilities, and work circumstances are comparable to the market.
- To review and recommend to the Board the remuneration and benefits including among others, bonus, salary increment, share options (if any) for Executive Directors and Senior Management taking into account the responsibilities, complexities and performance of the Directors and Senior Management.
- To review the fees and benefits (if any) payable to Non-Executive Directors linking the level of remuneration to their level of responsibility and contribution.
- To ensure a fair differential between the remuneration of Executive Directors and other levels of Management is maintained.
- To oversee any major changes in employee remuneration and benefit structures throughout the Group.
- To ensure base salary element is competitive but fair.
- To consider and examine such other matters as

the Committee considers appropriate.

- To consider any other matters as delegated by the Board.

The remuneration packages for Non-Executive Directors shall be determined by the Board of Directors as a whole and the individuals concerned shall abstain from discussing their own remuneration.

Executive Directors should not be involved in discussions to decide their own remuneration. Directors who are shareholders and controlling shareholders with a nominee or connected Director on the Board should also abstain from voting on the resolution to approve Directors' fees at the general meeting.

In the event that the remuneration package of a member of the Committee is to be discussed, the Committee member concerned should abstain from the discussion of his/her own remuneration package.

6.0 Disclosure and Reporting

The Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") require that adequate information be made regarding the Directors' compensation policies and practices, as well as the Directors' compensation for the fiscal year. Ensure a statement on the disclosure on named basis for the compensation of individual Directors in respect of the following is included in Senheng's Annual Report:

- the compensation received by the Senheng's Directors, detailing how much they were paid by Senheng and the Group, respectively.
- the total amount of each Director's remuneration component (such as fees, salaries, emoluments, statutory contributions, allowances, bonuses, benefits-in-kind, and other emoluments based on an estimated money value).

Ensure top five (5) Senior Management's total remuneration for the fiscal year is disclosed in Senheng's annual report.

7.0 Quorum and Meeting

The quorum necessary for the meeting shall be two and the majority of members present must be Independent Directors. In the absence of the Chairman of the Committee, the Committee members who present shall elect one (1) of their number of whom is an Independent Director to be the Chairman of the meeting.

The Committee shall meet at least once in each financial year, and additional meetings may be called and convened by the Chairman of the Committee, or at the requisition of other Committee members with the Chairman's discretion, to discuss matters within its terms of reference. Attendance of other Directors, Management, or external parties (i.e., external legal or other independent professional) at any particular Committee meeting shall be at the invitation of the Committee.

Any committee member who is unable to be present physically at a meeting may participate the meeting using any technology that enables all Committee members as a whole to participate for the entire duration of the meeting which may include telephone, television, video conferencing, or any other audio and/or visual device which permits instantaneous communication. Such a member would be deemed to be present at the meeting.

Notice and agenda of the Committee meetings shall be circulated to all Committee members at least seven (7) days prior to each Committee meeting. A shorter notice may be circulated to the Committee members provided it is agreed by the Chairman and all members.

The Chairman will be in charge of setting the agendas for meetings, with assistance from the Company Secretary and input from the Committee members. Where necessary, Management or other people judged suitable to participate in this process that provided feedback shall be included into the agenda.

In place of formally calling a meeting, the Committee may occasionally and as needed, review, approve, and/or recommend pertinent topics by a Circular Resolution. The Circular Resolution shall have the same legal force and effect as if it had been approved by a regularly called meeting of the Committee. All Committee members must sign or approve any approval of the Committee acquired through a Circular Resolution. Please refer to the Group's Board Charter for further information on the approval of a Circular Resolution.

The majority of votes of the members present at the meeting shall be the decision of the Committee. In the case of equality of votes, the Chairman of the Committee shall have a second or casting vote. Members of the Committee are refrained from deliberations and voting regarding all or any matter that may lead to an expected or actual conflict of interest situations for the Committee member.

8.0 Company Secretary

The Company Secretary or his/her representative or other appropriate senior officer shall act as Company Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The Company Secretary should also ensure the Committee meetings are arranged and held accordingly as well as maintain structured communication channels between the Board and the Committee.

The Company Secretary or his/her representative or other appropriate senior officer shall also be in attendance at each Committee meeting and responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.

9.0 Review of Performance Assessment

In order to assess the effectiveness of the members in performing the roles as stated in these terms of reference, the Committee shall conduct a self-assessment on an annual basis. The Nomination Committee shall review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference and report to the Board accordingly.

The Board's role in reviewing the assessment of the members in the Committee is to ensure that the Committee has enough, new and appropriate skills and expertise as well as the right balance and composition in order to perform their roles in the most effective manner.

10.0 Minutes of the Meetings

The meeting minutes should record the discussions and decisions of the Committee based on the agenda during all meetings held by the Committee including any matters relating to Circular Resolution. Minutes of the Committee meeting shall be signed by Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

Minutes of each Committee meeting shall be tabled to the Board for notation and all minutes shall be kept at the Registered Office of the Company. Minutes of each meeting should be distributed accordingly via email to each member of the Committee. The Chairman of the Committee should also update the Board on the activities of the Committee during Board meetings.

Any resolution in writing signed or copies thereof signed or approved by telefax, electronic mail or any other electronic form by all the Committee members, shall be as valid and effective as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the Committee members.

11.0 Review of the Terms of Reference

Review of the terms of reference shall be done periodically or whenever is needed. Any modification to the Committee's terms of reference must be recommended to the Board for approval in the way that the Committee deems appropriate. The terms of reference will be evaluated, reviewed, and amended as needed, for example, when the Malaysian Code on Corporate Governance, Bursa Securities' MMLR, or any other regulatory requirements changes. When the Group makes changes to its direction or strategies that could have an impact on the Committee's role, it shall also be evaluated and revised.