



SKYWORLD DEVELOPMENT BERHAD
Registration No. 200601034211 (753970-X)

REMUNERATION POLICY FOR DIRECTORS AND KEY SENIOR MANAGEMENT

INTRODUCTION

The Nomination and Remuneration Committee (“NRC”) of SkyWorld Development Berhad (“SkyWorld”) is responsible to ensure that its Directors and Key Senior Management are fairly remunerated for their responsibilities and contributions to the Company’s overall performance. The level of remuneration should be sufficient to attract and retain Directors and Key Senior Management of high caliber. The objective of this policy is to outline the principles for the NRC to determine and propose an appropriate level of remuneration for the Directors and Key Senior Management.

GUIDELINES & PRINCIPLES

1. The NRC is guided by the following principles in proposing an appropriate level of remuneration of the Directors and Key Senior Management:-
 - The remuneration of Directors and where appropriate, the Key Senior Management, shall be the ultimate responsibility of the Board of Directors of SkyWorld (“Board”) after considering the recommendation from the NRC.
 - The measurement of performance is based on a balance scorecard approach.
 - Performance measures and targets are aligned with the Company’s 1+3 years Business Plan/Strategies as well as long term objectives/key metrics set.
 - Remuneration and rewards are commensurate with individual performance and company performance.
 - The remuneration packages remain competitive with relevant industry and market practices.
 - No Directors shall participate or vote on the deliberations and decisions concerning his or her own remuneration.

REMUNERATION COMPONENTS & STRUCTURES

1. Executive Directors

The remuneration of the Executive Directors shall consist of salary, bonus, fixed allowances, other emoluments, benefits-in-kind & etc. and are set according to:-

- the nature of job;
- the level of skills, expertise, experience and scope of responsibilities of individual Executive Director;
- the individual Executive Director’s overall contribution to the Group’s strategy and operation; and
- the risk environment so as to ensure the remuneration does not encourage excessive risk-taking.

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Remuneration Policy for Directors and Key Senior Management

Remuneration such as bonuses and allowances shall be paid to the Executive Directors and is designed to reward outstanding performance and shall take into consideration individual performance, market competitiveness as well as SkyWorld's overall performance.

2. Non-Executive Directors

The remuneration of the Non-Executive Directors consists of directors' fees and other benefits payable as compensation for their service plus the reimbursement of expenses (i.e. meeting attendance allowances, bonding allowances, training allowances & etc.) incurred in the course of performing their services. Additional allowance is payable for acting as Chairman of the Board or Board Committees' meeting.

The level of remuneration reflects the Directors' fiduciary duties and time commitment undertaken by the Non-Executive Directors as well as the Company's business performance and industry trends.

Fees payable to Non-Executive Directors shall be by a fixed sum and not by commission on or percentage of profits or turnover. Non-Executive Directors shall sign service contracts with the Company upon appointment.

Non-Executive Directors are not entitled to receive performance-based bonuses nor participate in the Long-Term Incentive Plan ("LTIP").

3. Chief Executive Officer and Key Senior Management

The remuneration of Chief Executive Officer and Key Senior Management shall consist of salary, bonus, fixed allowances, benefits-in-kind, other incentives (where applicable) & etc. and are set according to:-

- the nature of job;
- the level of skills, experience and scope of responsibilities of individual;
- the individual's performance;
- the individual's overall contribution to the Company's strategy and operation; and
- market and industry rate.

Key Senior Management shall refer to those individual(s) who generally holds the highest level of management responsibility and decision making authority within the Group. This would typically include the C-suits employees (who are not Directors) and any other persons whom the Directors shall consider as being the key senior management.

Bonus and incentives are awarded to Chief Executive Officer and Key Senior Management for outstanding performance and in meeting the established targets set in the balance scorecard. The Company also rewards the Chief Executive Office and Key Senior Management with Employees Share Options Scheme or Share Grant under LTIP.

REMUNERATION REVIEW PROCEDURES

Executive Directors and Non-Executive Directors

The remuneration packages of Executive Directors, Chief Executive Officer and Non-Executive Directors of the Company are reviewed annually by the NRC and thereafter recommend to the Board for consideration.

The NRC will consider the available market rate or benchmarking exercise report obtained and may seek external advisors, if necessary, to assist the Board in formulating an attractive remuneration to attract talent.

The fees of Directors and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting. Any benefits payable to the Directors, including any compensation for loss of office of a director or a former director are subject to approval by shareholders at a general meeting of the Company.

Directors who are shareholders should abstain from voting at the general meeting to approve their fees.

Key Senior Management

The Executive Director or Chief Executive Officer is authorised to review the remuneration packages of Key Senior Management guided by among others, the Group's Human Resources policies and procedures.

BENCHMARKING AND ANNUAL REVIEW

As a good practice, the Company will conduct benchmarking exercise every two years by engaging external consulting firm as practicable as possible, towards the industrial practices on Chief Executive Officer and Key Senior Management.

Towards the Executive Directors and Non-Executive Directors, the Company will conduct its benchmarking by referring to the annual report disclosures of the companies in similar industries or scale to obtain benchmarking information. The benchmarking exercise is conducted to assess the Company's competitiveness level in the market.

Taking into consideration the Company's overall performance and benchmarking information, the NRC will then review and make informed decisions on the remuneration package of the Directors and Key Senior Management.

REVIEW OF THE POLICY

The NRC will review the policy as and when it deems necessary so as to ensure the policy remains relevant and appropriate. Any amendment to the policy shall be deliberated and approved by the Board as a whole from time to time as the Board may consider fit.