



Lee Swee Kiat Group Bhd

Director Remuneration Policy - Feb 2020

INTRODUCTION

The Board of Directors (“the Board”) is accountable and responsible for the businesses and affairs of Lee Swee Kiat Group Bhd (“The Group” or “LSK”). The Board recognizes the importance of capable stewardship of the top management to the long term success and sustainability of the Group.

The Board established the Remuneration Committee on 25 August 2004. The tenure of Remuneration Committee should be reviewed every 3 years by the Board. Its role is to assist the Board in their responsibilities in assessing the remuneration package of the Executive Directors. The Remuneration Committee consists solely of independent Directors.

The Committee shall ensure that the remuneration package of Directors is aligned with the business strategy and long-term objectives of the Company, and to reflect the Board’s responsibilities, expertise and complexity of the Company’s activities.

Directors’ Remuneration

Executive Directors

- (i) The Group set remuneration for Directors at levels which are sufficient to attract and retain suitable candidates for long term sustainable operation of the Group. Various parameters including skills, years of relevant experience, function, workload and responsibilities involved are taken into consideration.
- (ii) Emphasis is placed on the stewardship of the management in improving the performance of the Group.
- (iii) For the purpose of determining the Director Remuneration, the Chairman and his alternate Director are categorized as Executive Directors
- (iv) The Director Remuneration for the Executive Directors consists of monthly remuneration and a yearly incentive payment.
- (v) Any revision of the monthly remuneration need to be approved by the Remuneration Committee at the beginning of the financial year.
- (vi) Key Criteria for justification of any revision are the performance of the Group, the general inflation rate as well as the market conditions. The percentage increment (if any) shall normally be capped at 10% unless on special circumstances and justifications that the Remuneration Committee deems fit.

- (vii) The Group has established an Executive Director Incentive Scheme (“EDIS”) in lieu of bonus payment to reward the Executive Directors based objectively on the Company’s annual performance. Various Key Performance Indicators (“KPI”) including profit before tax, return on shareholders’ fund and gearing level of the Group are assessed to arrive at the annual performance incentive. The KPI are selected to encourage improved performance of the Group based on efficient use of the shareholders’ fund prudently and without incurring excessive borrowings which may increase default risks. A detailed EDIS revised on Feb 2019 is attached.
- (viii) Should the Group report loss before tax for a financial year, all increment and EDIS would be frozen in the following financial year, unless on special circumstances and justifications that the Remuneration Committee deems fit
- (ix) Where necessary, a service contract may be drawn to attract suitable candidate to be an Executive Director.

Independent Directors

- (x) Independent Directors will be paid a basic fee as well as a meeting allowance. The level of remuneration will reflect the contribution and responsibilities undertaken by the Independent Directors. The fee will be subject to the approval of shareholders at the AGM.
- (xi) The independent Directors fees and the meeting allowance shall be reviewed at least once every three years or on such shorter period as the Board deems fit.

Review of the Remuneration Policy

- i) This Remuneration Policy has been adopted by the Board on 24 Feb 2020.
- ii) The Board shall periodically review this Remuneration Policy at least once every three years or such shorter period in accordance with the needs of the Group.