

## **REMUNERATION COMMITTEE**

### **TERMS OF REFERENCE**

#### **1. CONSTITUTION**

Pursuant to the resolutions passed on 23rd June, 2005 by the board of directors of the Company (the “Board”), a Remuneration Committee (the “Committee”) was established.

#### **2. PURPOSE**

To review, recommend and determine remuneration issues and policies and packages for the Directors and the Senior Management of the Company.

#### **3. RESPONSIBILITIES**

The Committee shall have the following responsibilities:

- 3.1 to make recommendations to the Board on the Company’s policy and structure for all remuneration of Directors and Senior Management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- 3.2 either (i) to have the delegated responsibility to determine the remuneration packages of individual Executive Directors and Senior Management; or (ii) to make recommendations to the Board on the remuneration packages of individual Executive Directors and Senior Management. This should include benefits in kind, pension rights and compensation payments, including compensation payable for loss or termination of their office or appointment. The Committee should consult the Chairman and/or Chief Executive (if any) of the Company about its proposals relating to the remuneration of other Executive Directors;
- 3.3 to make recommendations to the Board on the remuneration of Non-executive Directors;
- 3.4 in determining and recommending remuneration, to consider factors such as salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;

- 3.5 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 3.6 to review and approve the compensation payable to Executive Directors and Senior Management in connection with any loss or termination of their office or appointment to ensure that such compensation is consistent with contractual terms and that such compensation is otherwise fair and not excessive;
- 3.7 to review and approve compensation arrangements relating to dismissal or removal of Directors and Senior Management for misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate;
- 3.8 to ensure that no Director or any of his associates is involved in deciding his own remuneration and that, as regards the remuneration of a Director who is a member of the Committee, his remuneration should be determined by the other members of the Committee;
- 3.9 to review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), if any; and
- 3.10 to address and deal with such other matters as may be delegated by the Board to the Committee and report back to the Board on its decisions or recommendations.

#### **4. AUTHORITY**

- 4.1 The members of the Committee can have access to the advice and services of the Company Secretary who is responsible to the Committee for ensuring that Committee procedures, and all applicable rules and regulations, are followed.
- 4.2 The members of the Committee may upon reasonable request to the Chairman of the Committee and the Chairman of the Company, seek independent professional advice at the Company's expense to assist them to discharge their duties to the Company.
- 4.3 The Committee shall be provided with sufficient resources to perform its duties.

#### **5. MEMBERS**

- 5.1 The members of the Committee shall be appointed by the Board.
- 5.2 The majority of the members of the Committee shall be Independent Non-executive Directors.
- 5.3 Chairman of the Committee shall be an Independent Non-executive Director appointed by the Board.

## **6. MEETING AND PROCEEDINGS**

- 6.1 Unless otherwise stated herein, the meetings are governed by the provisions contained in the Company's Articles of Association for regulating the meetings and proceedings of Directors.
- 6.2 The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require or at the request of two members of the Committee.
- 6.3 The quorum of a Committee meeting shall be any two members of the Committee one of whom must be Independent Non-executive Director.
- 6.4 Meeting could be held in person, by telephone or by video conference. Members of the Committee may participate in a meeting by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 6.5 A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
- 6.6 No member should have a role in determining his own compensation.

## **7. ANNUAL GENERAL MEETINGS**

- 7.1 The Chairman of the Committee shall endeavour to attend the Annual General Meetings of the Company and be prepared to respond to any shareholder questions on the Committee's activities.
- 7.2 If the Chairman of the Committee is unable to attend an Annual General Meeting of the Company, he shall arrange for another member of the Committee, or failing this, his duly appointed delegate, to attend in his place. Such person shall be prepared to respond to any shareholder questions on the Committee's activities.

## **8. MINUTES AND RECORDS**

- 8.1 Proper minutes of Committee meetings shall be kept by the Company Secretary and shall be open for inspection by any Director at any reasonable time on reasonable notice by the Director.
- 8.2 Minutes of Committee meetings shall record in sufficient detail the matters considered by the Committee and decision reached, including any concerns raised by the Committee members or dissenting views.
- 8.3 Draft and final versions of minutes of the Committee shall be circulated to all members of the Committee for their comment and records respectively, within a reasonable time after the meeting is held.

## **9. INCORPORATION OF AMENDMENTS TO THE LISTING RULES**

- 9.1 These terms of reference have been prepared based on the Corporate Governance Code (the “Code”) in Appendix C1 to the Listing Rules.
- 9.2 To the extent that there are any relevant amendments to the Code or the Listing Rules after the date of adoption of these terms of reference which the Company is expected to comply with (the “Relevant Amendments”), the Company will make corresponding changes to these terms of reference as soon as reasonably practicable to incorporate the Relevant Amendments. Pending such change, the Relevant Amendments shall be deemed to have been incorporated into these terms of reference from the date on which they come into effect.
- 9.3 To the extent that there are any relevant amendments to the Code or the Listing Rules after the date of adoption of these terms of reference which are for the Company’s guidance only, such amendments shall only be incorporated into these terms of reference after they have been duly adopted by the Board.

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