

# Terms of Reference of Remuneration Committee

## (1) FUNCTIONS

The Remuneration Committee whose members composed by a majority of Independent Non-executive Directors is appointed by the Board of Directors of the Company (“the Board”) to review and endorse remuneration policies of Directors and Senior Management in the light of current trends and business requirements, and to make recommendations to the Board as deemed necessary or to take approved action if within delegated authority.

For the purpose of this terms of reference, “Senior Management” should refer to the same category of persons as referred to in the Company’s annual report and is required to be disclosed under the Listing Rules of The Stock Exchange of Hong Kong Limited.

The Remuneration Committee should consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.

## (2) RESPONSIBILITIES

- a 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;
- b to determine the specific remuneration packages of all Executive Directors and Senior Management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and make recommendations to the Board of the remuneration of Non-executive Directors; to consider factors such as salaries paid by comparable companies, time commitments and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration; and to approve the service agreements of all Directors if any;
- c to review and approve performance-based remuneration by referring to corporate goals and objectives set by the Board from time to time;
- d to review and approve the compensation payable to Executive Directors and Senior Management relating to any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

- e to review and approve compensation arrangements relating to dismissal or removal of Directors for breaches and/or misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and
- f to ensure no Director or any of his/her associates is involved in deciding his/her own remuneration.

### **(3) MEETINGS**

The meetings and proceedings are governed by the provisions contained in the Company's Bye-Laws for regulating the meetings and proceedings of Directors.

**Effective Date: 24<sup>th</sup> May, 2005**