



## **Remuneration Committee ~ Terms of Reference**

**(Adopted by the Board in April 2005, modified on 16<sup>th</sup> February 2016)**

### **I. Purpose**

- a) The Remuneration Committee (“the Committee”) will assist the Board of Directors (“the Board”) on formulating remuneration policy, determining the remuneration of Executive Directors and members of senior management and reviewing and making recommendations on all compensation-related issues.
- b) The Committee will keep an open line of communication between the Committee, the Board, management, and external advisors, where appropriate.
- c) In carrying out its responsibilities, the Committee believes that the policies and procedures stated herein should remain flexible in order to adapt efficiently to changing business and regulatory requirements.

### **II. Organization**

- a) The members of the Committee shall be appointed by the Board from amongst the Directors of the company in consultation with the Committee Chairman, and shall consist of not less than three members, the majority of whom must be independent non-executive directors.
- b) The Board shall appoint the Committee Chairman who should be an independent non-executive director. The Chairman of the Board (unless he is an independent non-executive Chairman) shall not be a member of the Committee. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their members (who should be an independent non-executive director) to chair the meeting. The Chairman of the board shall not chair the Committee when it is dealing with the matters of his own appointment and succession to the chairmanship.

- c) Only members of the Committee have the right to attend Committee meetings. Other executives of the group such as the Chairman of the Board (if he is not already a member), the Chief Executive Officer and Head of Human Resources, may be invited to attend for all or part of any meeting, as and when appropriate.
- d) Appointments to the Committee shall be for an initial period (subject to extension) prescribed by the Board and subject to the Board's review.
- e) The Committee shall meet at least once a year and as otherwise required.
- f) Meetings of the Committee shall be convened by the Committee Chairman; and unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other attendee at least 14 days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees at least 3 days in advance of the meeting.
- g) The Committee Chairman shall arrange for keeping of records of resolutions passed at Committee meetings, and circulate the same to all members of the Committee within a reasonable time after each meeting and, once agreed by the Committee, to all other members of the Board, unless a conflict of interest exists.
- h) The Committee Chairman shall report formally to the Board on Committee on its proceedings after each meeting on all matters within its duties and responsibilities.

### **III. Authority**

- a) The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

- b) The Committee is authorized to obtain, outside legal or other independent professional advice on any matters within its terms of reference, at the Company's expenses.

#### **IV. Roles and Responsibilities**

- a) Consider management recommendation, and determine the framework or broad policy for the remuneration (including performance-related pay schemes and long-term incentive arrangements) of the Chief Executive Officer, the other executive directors of the Company and such other members of the executive management as it is designated by the Board. The remuneration of non-executive directors shall be a matter for the general meeting. The Committee also reviews the fees and remuneration of the Chairman and other members of the Board prior to determination at the Annual General Meeting. No director or any of his associates may be involved in any decisions as to his/her own remuneration.
- b) Agree the formal transparent procedures for determining targets for any performance-related pay schemes for Executive Directors.
- c) Determine the policy and scope of pension arrangements for each executive director, if appropriate.
- d) Ensure that contractual terms on termination, and any payments made to executive directors and members of executive management, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized.
- e) Within the terms of the agreed policy, determine the total individual remuneration package of each executive director including, where appropriate, bonuses, incentive payments and share options. Determine such packages and arrangements and give due regard to the contents of applicable corporate governance codes as well as the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong ('HKEx') and associated guidance.
- f) Consider management recommendation for the introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

- g) Consider management recommendation for major changes to the rules of the group's pension scheme, or changes of trustees or changes in the fund management arrangements if appropriate.
- h) Consider management recommendation for key terms of new compensation and benefit plans (including separation program), with a material financial, reputational or strategic impact.
- i) Ensure that provisions regarding disclosure of remuneration in the Company's annual report are fulfilled.
- j) Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- k) Make available the Committee's terms of reference and when appropriate review and, where necessary, make recommendations to the Board for the updating of the Committee's terms of reference.
- l) Make recommendations to the Board on the remuneration packages of individual executive directors and executive management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointments.

- m) Review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- n) Consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group.
- o) Review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

## **V. Other Responsibilities**

- a) The Committee Chairman shall report formally to the Board Committee on proceedings after each meeting on all matters within its duties and responsibilities.
- b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- c) The Committee Chairman or another Committee member should, as far as practicable, attend the Annual General Meeting and make oneself available to respond to any shareholder questions on the Committee's activities.