

# **KASEN INTERNATIONAL HOLDINGS LIMITED**

## **REMUNERATION COMMITTEE TERMS OF REFERENCE APPROVED ON SEPTEMBER 26, 2005**

### **1. Constitution**

The board of directors (the “Board”) of Kasen International Holdings Limited (the “Company”) had resolved to establish a committee known as the “Remuneration Committee”.

### **2. Membership**

2.1 Members of the Remuneration Committee shall be appointed by the Board.

2.2 The majority of the members of the Remuneration Committee shall be independent non-executive directors.

2.3 The chairman of the Remuneration Committee shall be appointed by the Board and should be a non-executive director.

### **3. Secretary**

3.1 The Company Secretary of the Company shall act as the secretary of the Remuneration Committee.

3.2 The Remuneration Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Remuneration Committee.

### **4. Quorum**

The quorum necessary for the transaction of business of the Remuneration Committee shall be two members of the Remuneration Committee, one of whom must be an independent non-executive director.

### **5. Frequency of meetings**

The Remuneration Committee shall meet at least once a year.

### **6. Proceedings at meetings**

Unless otherwise specifically provided for in this terms of reference, all of the provisions of the articles of association of the Company regulating meetings and proceedings of the Board shall, mutatis mutandis, govern the meetings and proceeding of the Remuneration Committee.

## **7. Authorities**

- 7.1 The Remuneration Committee shall consult the chairman of the Board and/or the chief executive officer of the Company about their proposals relating to the remuneration of other executive directors and senior management.
- 7.2 The Remuneration Committee is authorized by the Board to seek any information it requires from senior management of the Company in order to perform its duties.
- 7.3 The Remuneration Committee is authorized by the Board where necessary to have access to professional advice.
- 7.4 The Remuneration Committee shall be provided with sufficient resources to discharge its duties.

## **8. Duties**

The Remuneration Committee shall have the following responsibilities, powers and discretion:

- 8.1 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;
- 8.2 to have the delegated responsibility 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. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Company and its subsidiaries and desirability of performance-based remuneration;
- 8.3 to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- 8.4 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 determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- 8.5 to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any

compensation payment is otherwise reasonable and appropriate;

- 8.6 to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- 8.7 to advise shareholders of the Company on how to vote with respect to any service contracts of directors that require shareholders' approval under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## **9. Reporting Procedures**

The secretary shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Board.