

## **Term of Reference – Remuneration Committee**

**APPROVED BY THE BOARD OF KEE SHING (HOLDINGS) LIMITED ON 10<sup>th</sup> AUGUST, 2005.**

The Remuneration Committee is a committee of the Board of Kee Shing (Holdings) Limited established under the Listing Rules Appendix 14 “Code of Corporate Governance Practices” and Article 128 of the Article of Association of the Company.

### **1. Membership**

- 1.1 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. The Chairman of the Board shall not be Chairman of the Committee.
- 1.2 On the recommendation of the Board in consultation with the Chairman of the Remuneration Committee, members of the Committee shall be appointed by the Board,.
- 1.3 The Committee shall be made up of at least 3 members. A majority of members of the Committee shall be independent non-executive director.
- 1.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive/Managing Director, the head of Personnel & Administration Department and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

### **2. Secretary**

- 2.1 The Company Secretary shall act as the Secretary of the Committee.

### **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be 2 (TWO). 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.
- 3.2 In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

**4. Frequency of Meetings**

4.1 The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require .

**5. Notice of Meetings**

5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.

5.2 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, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting. Relevant supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

**6. Minutes of Meetings**

6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

6.2 After the preliminary approval has been given by the Chairman of the Committee, minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

**7. Annual General Meeting**

7.1 The Chairman of the Committee or an appointed deputy shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

**8. Duties**

The Committee shall:

8.1 make recommendations, determine or agree with the Board the framework or Broad policy and structure for the remunerations of the Executive Directors and Members of Senior Management. No director shall be involved in any decisions as to his own remuneration. The remuneration of a non-executive director who is a member of the Committee shall be a matter for the other members of the Committee;

- 8.2 make recommendations to the Board on the establishment of a formal and transparent procedure for developing such policy;
- 8.3 within the terms of the agreed policy and in consultation with the Chief Executive/Managing Director as appropriate, consider and determine the total individual remuneration package of each Executive Director and Member of Senior Management including benefits in kind, pension rights, bonuses, incentive payments, share options or other share awards and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 8.4 in determining such packages and arrangements, give due regard to factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group, desirability of performance-based remuneration, any relevant legal requirements, the provisions and recommendations in the Code of Corporate Governance Practices, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and associated guidance;
- 8.5 make recommendations to the Board of the remuneration of Non-Executive Directors, having due regard to the agreed policy of the Group;
- 8.6 review the ongoing appropriateness and relevance of the remuneration policy of Executive Directors and Members of Senior Management and other benefits programs;
- 8.7 review and approve the design of any performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- 8.8 review the design of all share incentive plans (if any) for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other members of senior management and the performance targets to be used;
- 8.9 review and approve the compensation payable to Executive directors and Members of 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;
- 8.10 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 any compensation payment is otherwise reasonable and appropriate;
- 8.11 consider whether to seek shareholder approval of the Remuneration Policy of the Executive Directors and Senior Management;

- 8.12 oversees the implementation of the Remuneration Policy within the Group;
- 8.13 ensure the Committee may request the management and external consultants to provide necessary information;
- 8.14 ensure no director or any of his associates shall be involved in any decisions as to his own remuneration.

**9. Approvals**

The Committee shall approve the following prior to implementation:

- 9.1 changes to the service contract terms of the Executive Directors;
- 9.2 Designs of new amendment to share incentive plans (if any) of Executive Directors and Members of Senior Management under the condition of the performance target to be developed by the Board;
- 9.3 Termination payment to Executive Directors and Members of Senior Management.

**10. Reporting Responsibilities**

- 10.1 The Committee Chairman shall be reported to the Board on its proceedings at least annually on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

**11. Other**

- 11.1 The Committee shall review its own constitution and terms of reference from time to time and recommend any change it considers necessary to the Board for approval.

**12. Authority**

- 12.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 12.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any external legal or other independent professional advice on matters within its term of reference.

**13. Senior Management**

For the purposes of this document, "Senior Management" shall mean those employees or officers who are determined by the Board to constitute senior management of the Group, and refer to the same category of persons as in the company's annual report.