



**LAM SOON (HONG KONG) LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 411)**

**TERMS OF REFERENCE  
FOR  
BOARD REMUNERATION COMMITTEE**

On 19 January 2005, the Board of Directors of Lam Soon (Hong Kong) Limited (the “Company”) resolved to establish the Board Remuneration Committee to take effect from 1 July 2005. The following set out the terms of reference for the Committee.

**1. NAME OF COMMITTEE**

There shall be established a board remuneration committee of the Board of Directors of the Company (“the Board”), to be known as the Board Remuneration Committee (“the Committee”).

**2. APPOINTMENT OF MEMBERS OF THE COMMITTEE**

- 2.1 The Committee shall comprise such number of directors of the Company as the Board may determine, provided the Committee shall be chaired by an independent non-executive director of the Company and a majority of the Committee shall comprise members who are independent non-executive directors of the Company.
- 2.2 Unless otherwise determined by the Board the minimum number shall be three.
- 2.3 If a member resigns, ceases to be a director or for any other reason ceases to be a member of the Committee resulting in a reduction of the number of members below the minimum, the Board shall, as soon as practicable and in any event within 3 months of that event, appoint such number of new members as may be required to make up the minimum.
- 2.4 The members shall elect out of their number a Chairman from the Committee who is an independent non-executive director.
- 2.5 All appointments of the Chairman and other members of the Committee shall be subject to prior approval of the Board.

*The English version shall always prevail in case of any discrepancies or inconsistencies between English version and its Chinese translation.*

### **3. TERM OF APPOINTMENT OF THE COMMITTEE**

The Committee was constituted on 1 July 2005.

### **4. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

Subject to any regulation or restriction that may be imposed upon it by the Board from time to time, the Committee shall be responsible for, and the Board hereby delegates to the Committee, such of its powers, authorities and discretions as may be necessary for:

- 4.1 making recommendations to the Board on its policy and structure for all directors' and senior management<sup>(Note)</sup>'s remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy ;
- 4.2 reviewing and approving the remuneration proposals of the management (executive directors and senior management) with reference to the Board's corporate goals and objectives;
- 4.3 determining the remuneration packages of individual 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 making recommendations to the Board on the remuneration of non-executive directors (the Committee shall consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group);
- 4.4 reviewing and approving compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- 4.5 reviewing and approving 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;
- 4.6 ensuring that no directors or their associates are involved in deciding their own remuneration;
- 4.7 reviewing and approving 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") and exercising all powers of the Board under any share option and/or award scheme of the Company, including but not limited to making grants thereunder; and

4.8 exercising such powers, authorities and discretions, and performing such other duties, of the Board in relation to the remuneration of executive directors and senior management as the Board may from time to time delegate to the Committee, subject to the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

*Note:*

*“Senior management” in the context hereof shall refer to those persons with staff grading “SM5” or above under the Staff Grading System as set out in the Group Human Resources Manual of the Company.*

## **5. RESOURCES TO THE COMMITTEE**

The Company shall provide the Committee sufficient resources to perform its duties. Where necessary, the Committee shall seek independent professional advice at the Company’s expense, in consultation with the Chairman or Group Managing Director / Chief Financial Officer of the Company, to perform its responsibilities.

## **6. PROCEEDINGS OF THE COMMITTEE**

6.1 The Committee may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit and, subject to 6.2 below, determination of the quorum necessary for the transaction of business.

6.2 No business shall be transacted at any meeting of the Committee unless a quorum is present, which quorum shall at a minimum constitute two members.

6.3 All meetings of the Committee may be held at such times and in such places as it deems appropriate. To carry out the above functions, the Committee shall meet at least once annually (including by electronic means e.g. via telephonic, video and web conference and other devices). The Committee has the discretion to invite any director and such other persons as it deems necessary to attend any of its meetings.

6.4 Upon the request of any member of the Committee, the Secretary of the Committee shall, at any time convene a meeting of the Committee by notice served upon each member of the Committee.

6.5 The Chairman of the Committee shall preside as chairman at every meeting save that if at any meeting, the chairman is not present and there is a quorum, the members present shall elect a chairman who is an independent non-executive director to preside at such meeting.

- 6.6 All decisions of the Committee shall be made by way of resolutions which may for convenience be recorded as decisions in the minutes of the meeting. Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present and in the case of an equality of votes, the Chairman of the Committee shall have a second or casting vote. Members should abstain from voting in respect of any resolution which he is an interested party.
- 6.7 A resolution in writing signed by the majority of the members from the Committee (provided that a majority of the members participating in such a decision shall be independent) shall be as valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may be contained in a single document or may consist of several documents in like form, each signed by one or more of the members. For the purpose of these regulations, “in writing” and “signed” include approval by e-mail, telex, facsimile, cable, telegram and other electronic transmission means.
- 6.8 The Committee shall cause minutes to be made in books to be provided for the purpose of the proceedings of all meetings of the Committee and of the attendances thereat and of all business transacted, resolutions passed and orders made at such meetings. Any such minutes of any meeting, if purporting to be signed by the chairman of such meeting or by the chairman of the next succeeding meeting of the Committee, shall be sufficient evidence without any further proof of the facts therein stated.
- 6.9 The minutes of the Committee shall be kept by the Secretary of the Committee at the registered office of the Company, and shall be opened to the inspection of any member of the Committee or the Board.

## **7. SUPERVISION BY BOARD**

The Committee shall at all times be subject to the supervision of the Board and shall ensure that all minutes / written resolutions of the Committee meetings are circulated to every member of the Board.

## **8. SECRETARY**

The Secretary of the Committee shall be the Secretary of the Company or such other person as nominated by the Board.

## **9. DISSOLUTION, RE-ORGANISATION AND RE-ESTABLISHMENT OF THE COMMITTEE**

The Board may at any time dissolve the Committee or reorganise the composition thereof or redesignate the powers, authorities or discretions thereof or after its dissolution re-establish the same, upon such terms and conditions as the Board shall determine.

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