

# **K. WAH INTERNATIONAL HOLDINGS LIMITED**

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**Terms of reference of remuneration committee  
adopted by the Board on 20 December 2005  
(Updated as at 23 September 2011)**

**(CPs. B.1.1- B.1.3)**

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**A. Constitution**

- A.1 The Board will set up the committee by 20 December 2005.
- A.2 The Board will approve the terms of reference on the authority and duties of the committee. Save as to the minimum duties prescribed under CP B.1.3 of the Listing Rules, the Board has the authority to review, supplement, and if thought fit, amend the terms of reference from time to time.

**B. Membership**

- B.1 The committee shall consist of 3 members, majority of whom shall be INEDs. The current members of the Remuneration Committee are: Dr. Che-woo Lui (Chairman & MD), Dr. William Yip (INED) and Mr. Wong Kwai Lam (INED).
- B.2 The Board appoints a member to be the chairman of the committee. The Chairman of the Remuneration Committee is Dr. Che-woo Lui.

**C. Term**

The Board determines the term of each member. If a member ceases to be a Director, or an INED, then his office as committee member shall also facto cease.

**D. Meetings**

- D.1 The quorum for meeting of the committee is any 2 members.
- D.2 The committee should meet regularly and, at least, once in every financial year. Members may participate either in person or through other electronic means of communication, and active participation is expected.
- D.3 The committee shall have power to invite other person(s), such as head of human resources (HR) department of the Company, or outside HR consultants, to attend to assist members in the meeting.
- D.4 The company secretary shall be the secretary of the committee.
- D.5 Notice of at least 7 days shall be given to all members, which shall be accompanied by a meeting agenda. A draft agenda shall be circulated at least 7 days before dispatch together with the notice of meeting to members for comment.

- D.6 All members have access to the services of the secretary, and (if necessary) professional advice in accordance with the policy of the Company.
- D.7 Minutes signed by the committee chairman are conclusive evidence of the proceedings and subject matters resolved at the relevant committee meeting.
- D.8 A member having a conflict of interest in a matter to be considered by the committee, which the committee chairman determines to be material, should declare his interest. All matters involving material conflict of interest shall be dealt with by way of meeting.
- D.9 Members (deciding in majority) have the power to regulate and determine the proceedings of their committee meeting, including – without limitation - the power to accept short (or dispense with) notice of meeting, abridge any time period, and to have matters resolved by way of signed unanimous written resolution in lieu of meeting. Subject to paragraph D8, if the committee so decides, a resolution signed by all committee members for the time being shall be as effective for all purposes as a resolution of the members passed at a meeting duly convened, held and constituted. All members owe duty of confidence to the Board and the Company, and shall keep materials and information of the committee at all times confidential.

**E. Authority**

- E.1 The committee is authorized by the Board to perform any activity within its terms of reference. It is authorized to seek any information it requires from any employee.
- E.2 The committee should consult the Chairman and/or Managing Director of the Company about their proposals relating to the remuneration of other executive Directors.

**F. Terms of Reference – Specific Duties of the Committee**

- F.1 The duties of the committee should include at least the following:-
- (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.

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- (B) To have 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 committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.
- (C) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time (if any).
- (D) 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.
- (E) 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.
- (F) To ensure that no Director or any of his associates (that term as defined in the Listing Rules) is involved in deciding his own remuneration.

F.2 The chairman of the committee or in his absence another member or failing this his duly appointed delegate, should be available to answer questions at the Company's annual general meeting.

### **G. Reporting procedures**

- G.1 The secretary of the committee will circulate the minutes of the committee meetings, reports of the committee, and relevant information to all Directors.
- G.2 The committee should report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

## H. Miscellaneous

H.1 These terms of reference may be made available on request and/or such other means as the Board may decide, including publication on the Company's website.

### Definitions:

<b><i>“Board”</i></b> and <b><i>“Director”</i></b>	:	respectively, the board and the directors of the Company
<b><i>“committee”</i></b>	:	remuneration committee of the Company
<b><i>“Company”</i></b>	:	K.Wah International Holdings Limited
<b><i>“CP”</i></b>	:	Code Provision of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules
<b><i>“Group”</i></b>	:	Company and its subsidiaries
<b><i>“Listing Rules”</i></b>	:	Rules Governing the Listing of Securities on the Stock Exchange
<b><i>“member”</i></b> and <b><i>“secretary”</i></b>	:	respectively, member and secretary of the Company
<b><i>“INED”</i></b>	:	independent non-executive director (within the meaning of the Listing Rules) of the Company