

REMUNERATION COMMITTEE: TERMS OF REFERENCE

1. PURPOSE

The purpose of the establishment of the Remuneration Committee (“RC” or “Committee”) is to achieve a balance between setting the level and structure of the remuneration package of Executive Directors so as to be able to attract and retain the best against its interest in not paying excessive remuneration. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman, should be a matter for the Board as a whole.

2. COMPOSITION AND SIZE

The RC should be appointed by the Board of Directors and shall consist of not less than three (3) members, comprising a majority of Independent Non-Executive Directors.

The Company should consider the appointment of Committee members on a 3-year term, with staggered expiration dates to ensure continuity. In the absence of such rotation policy, the Board of Directors should evaluate a RC member’s performance to see that it meets both the Board and Committee’s expectations.

The Board of Directors, through the Nomination Committee, should assess the effectiveness of the RC on an annual basis.

3. CHAIRMAN

The Board of Directors or members of the RC must elect a Chairman among the Committee members who is an Independent Non-Executive Director.

In the absence of the Chairman of the RC in a Meeting, the members present shall elect one of their numbers to be chairman of the Meeting.

4. SECRETARY

The Company Secretary shall be the Secretary of the RC or in his absence, the Chairman of the Committee or chairman of the Meeting shall choose another person as the secretary of the Meeting.

5. MEETINGS

- (i) The RC should meet at least once a year to discharge its responsibilities as spelt out in its Terms of Reference. More frequent meetings may be called as the need arises.
- (ii) The quorum shall be a minimum of two members.
- (iii) The RC may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting. Minutes of such a meeting signed by the Chairman of the Committee shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.
- (iv) Other Directors, key executives and employees may attend any particular meeting only at the Committee's invitation.
- (v) The Minutes of each meeting shall be made available to all members of the Board upon request.
- (vi) The Board of Directors should be kept aware of the Committee's activities by way of the Committee Minutes being circulated together with the board meeting papers.
- (vii) The RC should be provided with sufficient resources to undertake its duties. It should have access to services of the Company Secretary or seek professional advice at the Company's expense, if necessary, on all RC matters.
- (viii) A resolution in writing signed or approved via letter, telex or facsimile by all Committee members shall be effective for all purposes as a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may be contained in a single document or may consist of several documents all in the like form signed by one or more members.

6. RESPONSIBILITIES AND HOW THE COMMITTEE WORKS

- (i) The Terms of Reference of RC should be reviewed by the Board of Directors annually and updated as appropriate. The annual review of its Terms of Reference should be a robust process, reflecting changes to the Company's circumstances and any new regulations that may impact upon the RC's responsibilities.
- (ii) The RC is responsible for:
 - (a) ensuring that all the Executive Directors and Senior Management are fairly rewarded for their individual contributions to the Company's overall performance.
 - (b) ensuring that the compensation and other benefits encourage Executive Directors to act in ways that enhance the Company's long-term profitability and value.
 - (c) ensuring that the remuneration offered to the Senior Management are commensurate with the level of responsibilities.
 - (d) recommending to the Board of Directors on the fee structure and level of remuneration for the Executive Directors and Senior Management.
 - (e) ensuring that the policies and procedures to determine the remuneration of the Executive Directors and Senior Management are in place, periodically reviewed and made available on the Company's website.
 - (f) recommending to the Board of Directors the Service Agreements of each individual Executive Director and subsequently review and recommend the remuneration packages for Non-Executive Directors and remuneration packages for each Executive Director and Senior Management, after taking into consideration of the job scopes/functions, workload, complexity of the Company's business and level of responsibilities.
 - (g) performing an annual review of the remuneration of employees related to the Board of Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

- (h) reviewing and approving any bonuses, salary increment and/or promotions for the employees stated under item 6(ii)(g) thereof.
- (i) reviewing and recommending the granting of share options to Executive Directors and Senior Management. If, however, the company is absolutely intent on granting share options to its Non-Executive Directors, then it should seek shareholders' approval prior to going ahead with the plan.
- (j) recommending to the Board of Directors the compensation commitments and severance payments for Executive Directors, Group Managing Director (where the Group Managing Director is not a Director of the Company) and Senior Management in the event of early termination of the employment/service contract.
- (iii) The Board of Directors shall determine who its Senior Management are and they may include the chief operating officer, directors of subsidiaries within the group of the Company, etc, as is appropriate, in the opinion of the Board.
- (iv) The recommendations of RC shall be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by RC.
- (v) Each Committee Member should abstain from discussion or voting on any resolutions in respect of his own remuneration package or that of employees related to him.