

## COMPENSATION COMMITTEE

### TERMS OF REFERENCE

(Adopted on March 22, 2005)

#### CONSTITUTION

1. The Board established a committee of the Board known as the Compensation Committee (the "Committee").

#### MEMBERSHIP

2. All members of the Committee shall be appointed and/or removed by the Board from time to time. Presently, it comprises two independent non-executive directors, an executive director and an independent board advisor.

#### AUTHORITY

3. The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek information it requires from any employee of the Company in order to perform its duties.
4. The Committee is authorized by the Board to obtain, at the Company's expense, any outside legal or other independent professional advice.

#### DUTIES

5. The duties of the Committee shall be:
  - 5.1 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;
  - 5.2 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 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;

- 5.3 to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
  - 5.4 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;
  - 5.5 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; and
  - 5.6 to ensure that no director or any of his associates is involved in deciding his own remuneration.
6. For the avoidance of doubt, no Committee member shall be involved in any decisions as to their own remuneration.
  7. Senior management should refer to the same category of persons as referred to the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or relevant provisions as amended and/or implemented by the Stock Exchange from time to time.

#### **MEETINGS**

8. The quorum necessary for the transaction of business by the Committee shall be any two members thereof and one of whom must be an independent non-executive director.
9. The meetings and proceedings of the Committee shall be governed by the provisions contained in the Bye-Laws of the Company regulating the meetings and proceedings of the Board of Directors so far as the same are applicable and not superseded by regulations imposed by the Board of Directors.
10. The Committee shall keep minutes of its proceedings and shall cause the minutes to be recorded by the secretary of the Committee, who need not be a member of the Committee. Unless otherwise determined, the secretary of the Committee shall be the company secretary (or his/her nominee).

#### **REPORTING**

11. The Committee shall report the findings and recommendations to the Board.