

# **POU SHENG INTERNATIONAL (HOLDINGS) LIMITED**

## **Terms of Reference for Remuneration Committee**

### **Purpose**

1. The purpose of the Remuneration Committee is to assist the board of directors (the “Board”) of Pou Sheng International (Holdings) Limited (the “Company”) in determining the policy and structure for the remuneration of executive directors, evaluating the performance of executive directors, reviewing incentive schemes and directors’ service contracts and fixing the remuneration packages for all directors and senior management.

### **Composition**

2. The Remuneration Committee shall be appointed by the Board from time to time and shall consist of not less than three directors, a majority of which shall be independent non-executive directors who shall meet and maintain the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Board shall appoint one member of the Remuneration Committee (who should be an independent non-executive director) as the chairman of the Committee (the “Chairman”). A quorum should be two members.

### **Meetings**

3. The Remuneration Committee shall meet at least twice annually, or more frequently if circumstances require and shall act by unanimous written consent.
4. The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at all meetings of the Remuneration Committee. The Chairman shall be responsible for leading the Remuneration Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.

### **Access**

5. The Remuneration Committee shall have full access to management of the Company and may invite members of management of the Company or others to attend its meetings. The Remuneration Committee should consult the chairman and/or chief executive officer of the Company about their remuneration proposals for other executive directors. The remuneration committee should have access to independent professional advice if necessary.

## **Reporting Procedures**

6. The Remuneration Committee shall evaluate and assess the effectiveness of the Remuneration Committee and the adequacy of this Remuneration Committee Terms of Reference on an annual basis and recommend any proposed changes to the Board.
7. Minutes of meetings of the Remuneration Committee and the record of individual attendance at such meetings shall be prepared by the secretary of the Company which shall be sent to all members of the Board as soon as practicable after the conclusion of any meeting of the Remuneration Committee.

## **Authority**

8. The Remuneration Committee is authorised by the Board to investigate any matter within its terms of reference and seek any information it requires from any employee in order to perform its duties (all employees being directed to co-operate with any such request by the Committee).
9. The Remuneration Committee is authorised by the Board to obtain independent professional advice and assistance from external legal, accounting or other advisors at the expense of the Company if necessary.

## **Responsibilities and Duties**

10. The Remuneration Committee shall perform the following duties: –
  - (a) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
  - (b) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. Remuneration packages may include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and to make recommendations to the Board on the remuneration of non-executive directors;
  - (c) The Remuneration Committee shall consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group. The Remuneration Committee should also ensure that the remuneration levels should be sufficient to attract and retain directors to run the Company successfully without paying more than necessary;

- (d) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives resolved by the Board from time to time;
- (e) to review and approve the 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;
- (f) to review and approve 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; and
- (g) to ensure that no director or any of his associates is involved in deciding his own remuneration.

*Note:* In the event of any inconsistency, the English language text of these terms of reference shall prevail over the Chinese language text.

(Adopted on 14 May 2008 and revised on 29 December 2011)