



六福集團(國際)有限公司

LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(於百慕達註冊成立之有限公司)
(Incorporated in Bermuda with Limited Liability)
Stock Code 股份代號 : 0590

TERMS OF REFERENCE - REMUNERATION COMMITTEE

References to “the Committee” shall mean the Remuneration Committee.

References to “the Board” shall mean the Board of Directors.

References to “the Company” shall mean Luk Fook Holdings (International) Limited.

1. Constitution

- 1.1 Pursuant to a board meeting of the Company held on 7 April 2005, the Board of Directors resolved to establish a committee of the Board to be known as the Remuneration Committee.

2. Membership

- 2.1 Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least three (3) members;
- 2.2 The Committee shall be chaired by an independent non-executive director (“INED”) and comprises a majority of INEDs;
- 2.3 In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee; and
- 2.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

3. Secretary

- 3.1 The Company Secretary or their nominee shall act as the Secretary of the Committee; and
- 3.2 The Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary of the Committee.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be three (3) members, two of whom must be INEDs. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Meetings

- 5.1 The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.

6. Notice of Meetings

- 6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members; and
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than three (3) working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

- 7.1 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other;
- 7.2 Resolutions of the Committee at any meetings shall be passed by a majority of votes of the Members present;
- 7.3 A resolution in writing signed by all the Members shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held;
- 7.4 The Secretary of the Committee shall keep minutes of all Committee meetings and the written resolutions. Draft and final versions of minutes of meetings of the Committee shall be sent to all Members for their comment and record respectively, in both cases within a reasonable time after each meeting. The minutes and written resolutions shall be made available for inspection by any director; and
- 7.5 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

8. Attendance at Meetings

- 8.1 The Committee may, from time to time, invite the Chairman of the Board, Managing Director, external advisers and/or other persons as may be considered by the Committee to be appropriate to attend all or any part of any meetings. However, only Members are entitled to vote at the meetings.

9. Annual General Meeting

- 9.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

10. Duties

The duties of the Committee should include, as a minimum:-

- 10.1 determine and agree with the Board the framework or policy for the remuneration of the company's Chief Executive, Chairman, the executive directors, the company secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration;
- 10.2 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;
- 10.3 determine such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company;
- 10.4 review the ongoing appropriateness and relevance of the remuneration policy;
- 10.5 approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes;
- 10.6 review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;

- 10.7 determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 10.8 ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 10.9 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options or other share awards;
- 10.10 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Listing Rules and associated guidance;
- 10.11 review and note annually the remuneration trends across the company or group;
- 10.12 oversee any major changes in employee benefits structures throughout the company or group;
- 10.13 agree the policy for authorising claims for expenses from the Chief Executive and Chairman;
- 10.14 ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Listing Rules are fulfilled;
- 10.15 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee; and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfill its obligations;
- 10.16 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 10.17 to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should, include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 10.18 to make recommendations to the Board on the remuneration of non-executive directors;
- 10.19 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

- 10.20 to review and approve 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;
- 10.21 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;
- 10.22 to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- 10.23 to consider and carry out any other matters specifically referred to the Remuneration Committee by the Board.

11. Reporting Responsibilities

- 11.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed; and
- 11.3 The Company should disclose details of any remuneration payable to members of senior management by band in Annual Reports.

12. Authority

- 12.1 The Committee should consult the Chairman and/or Chief Executive about their remuneration proposals for other executive directors;
- 12.2 Any Member of the Committee may seek independent professional advice in appropriate circumstances at the Company's expense to perform his duties as a Member of the Committee;
- 12.3 The Committee is authorised by the Board to seek any information it requires from senior management of the Company in order to perform its duties; and
- 12.4 The Committee shall be provided with sufficient resources to perform its duties.

13. Publication of the Terms of Reference

- 13.1 These terms of reference are posted on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited. A copy of the terms of reference will be made available to any person without charge upon request.