



Z-Obee Holdings Limited

融達控股有限公司*

(incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 948)

(Singapore Stock Code: D5N)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

The Singapore Code of Corporate Governance 2012 (“**2012 Singapore Code**”) and the revised Hong Kong Corporate Governance Code (“**HK CG Code**”) recommends that listed companies set up a Remuneration Committee (the “**RC**”). The RC reports to the board of directors (the “**Board**”) of Z-Obee Holdings Limited (the “**Company**”).

The primary role of the RC is to ensure appropriate transparency and accountability to shareholders and to make recommendations to the Board on remuneration matters of the Directors and key management personnel¹ in the Company.

The terms of reference for the RC are appended below.

1. MEMBERSHIP

- 1.1 The RC shall be appointed by the Board from amongst its members, and shall comprise at least three (3) members.
- 1.2 All RC members shall be non-executive Directors of the Company, a majority of whom shall be independent.
- 1.3 The RC Chairman shall be elected by members and shall be independent.
- 1.4 A Director may be considered independent in character and judgement if he has no relationship with the Company, its related corporations, its substantial shareholder with a shareholding of 10% or more (“10% shareholder”), or its officers; or if there are no circumstances that could interfere, with his exercise of independent business judgement with a view to the best interests of the Company and in carrying out his functions as a member of the RC.

The 2012 Singapore Code sets out the following relationships or circumstances, which would deem a Director not to be independent:

- (a) a Director being employed by the Company or any of its related corporations for the current or any of the past three financial years;

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- (b) a Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Remuneration Committee;
- (c) a Director, or an immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service;
- (d) a Director:
 - (i) who, in the current or immediate past financial year, is or was; or
 - (ii) whose immediate family member, in the current or immediate past financial year, is or was,
 - a 10% shareholder of, or
 - a partner in (with 10% or more stake), or
 - an executive officer of,
 - or a Director of,

any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year.

As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant;

- (e) a Director who is a 10% shareholder or an immediate family member of a 10% shareholder of the Company; or
 - (f) a Director who is or has been directly associated with a 10% shareholder of the Company, in the current or immediate past financial year.
- 1.5 On appointment, and thereafter, on an annual basis, every independent Board member shall complete a return (Annex 1) as to his independence. The NC shall review the return to decide if a Director is to be considered independent and make its recommendation to the Board.
- 1.6 An independent member shall immediately notify the Company Secretary of any change in circumstances that may result in him not being able to meet the criteria for independence.

The Board may, after considering the change in circumstances (with the recommendation of the NC), require the resignation of the member, in compliance with provisions of the RC's terms of reference and/or any applicable other statutes, rules or regulations.

The Board may, as a result of the resignation, re-constitute the RC before the next scheduled meeting.

- 1.7 A member who wishes to retire or resign from the RC shall notify the Board in writing, giving at least one (1) month's notice or such shorter period as may be agreed by the Board.
- 1.8 The office of a member shall become vacant upon the member's death/resignation/retirement/removal or disqualification as a Director of the Company.
- 1.9 Any vacancy in the RC shall be filled within two (2) months, and in any case, no later than three (3) months.

2. ADMINISTRATION

2.1 Meetings

- (a) The meetings of the RC ("RC Meetings") may be conducted by means of telephone conferencing, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the RC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.

- (b) RC Meetings shall be held at least once a year. RC Meetings may be called, at any other time, by the RC Chairman or any member.
- (c) The RC shall have full discretion to invite any Director or Management to attend its meetings.
- (d) The Secretary of the RC shall be the Company Secretary for the time being or, such other person as may be nominated by the RC.
- (e) The Secretary shall attend all RC Meetings and minute the proceedings thereof including providing an attendance record of individual members present at all meetings.
- (f) Minutes of all RC Meetings shall be confirmed by the RC Chairman or Chairman of the meeting and circulated to all members.
- (g) If the RC Chairman so decides, the minutes shall be circulated to other members of the Board. A Director may, provided there is no conflict of interest and with the agreement of the RC Chairman, obtain copies of the minutes of RC Meetings.
- (h) The notice of each RC Meeting, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the RC at least three (3) working days prior to the date of the meeting.

2.2 Quorum

The quorum shall be two (2) members, including at least one independent Director.

If the RC Chairman is not present within 15 minutes from the appointed time of the RC Meeting, the members present may elect one of their members, who must be independent, to chair the meeting.

2.3 Voting

A resolution shall be considered passed if:

- (a) there is a majority of votes cast in favour of the resolution at an RC Meeting; or
- (b) there is agreement in writing by a majority of members entitled to vote on the decision.

In the event of an equality of votes, the Chairman **shall not** have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

Any member who has an interest in any matters being reviewed or considered shall abstain from voting on the matter.

2.4 RC Resolution in Writing

The RC may pass resolutions by circulation. A resolution in writing signed by a majority of members, including at least one independent Director, shall be as valid and effectual as if it had been passed at a meeting of the RC duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

2.5 Attendance at Annual General Meetings

The RC Chairman (or in his absence, an alternative member of the RC) shall attend the Annual General Meetings of the Company and be prepared to answer questions concerning remuneration matters of the Directors and key management personnel¹.

3. DUTIES

The duties of the RC shall be (on an annual basis) to:

- 3.1 review and recommend to the Board a general framework of remuneration for the Board and key management personnel¹ and to review and recommend to the Board the specific remuneration packages and terms of employment for :–
 - each Director;
 - key management personnel¹ of the Group; and
 - employees related to Directors or, controlling shareholders of the Group.
- 3.2 review the employees' share option schemes (“the **Scheme**”) and whether the Executive Directors and key management personnel¹ should be eligible for benefits under any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.
- 3.3 administer the performance based Bonus scheme and any other share option scheme or share plan established from time to time for the Directors and key management personnel¹.
- 3.4 carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors.
- 3.5 As part of its review, the RC shall ensure that:
 - (a) all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind should be covered.
 - (b) the level and structure of remuneration should be:
 - (i) aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel¹ to successfully manage the Company;
 - (ii) performance-related and aligned with the interests of shareholders and promote the long-term success of the Company;
 - (iii) symmetric with risk outcomes and be sensitive to the time horizon of risks;
 - (iv) comparable within the industry and with comparable companies; and

- (v) appropriate and meaningful measures for assessing the performance of Executive Directors (“EDs”) and key management personnel¹.

A significant and appropriate proportion of the remuneration of EDs and key management personnel¹ should be structured so as to link rewards to corporate and individual performance.

- (c) the remuneration of Non-Executive Directors (“NEDs”) should be appropriate to the level of their contribution, taking into account factors such as effort and time spent, and responsibilities of the NEDs. NEDs should not be overly compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage NEDs to hold shares in the Company so as to better align the interests of such NEDs with the interests of shareholders.
- (d) the remuneration package of employees related to Directors or controlling shareholders of the Group is in line with the Group’s staff remuneration guidelines and commensurates with their respective job scopes and levels of responsibility.
- (e) existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.
- (f) the contracts of service of the EDs and key management personnel¹ should consider the following contractual provisions:
 - (i) to allow the Group to reclaim incentive components of remuneration from EDs and key management personnel¹ in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group.
 - (ii) that are fair and reasonable and are not overly generous in the event of termination of the contracts of service of the EDs and key management personnel¹. The RC should aim to be fair and avoid rewarding poor performance.

4. REMUNERATION

- 4.1 Having regard to the functions performed by members in addition to their functions as Directors in relation to the activities of the RC and pursuant to the specific powers conferred upon the Board by the Bye-Laws of the Company, members may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- 4.2 Such special remuneration shall be in addition to the annual fees payable to Directors.

5. GENERAL

- 5.1 The RC in carrying out its tasks under these terms of reference may obtain such external or other independent professional advice as it considers necessary to carry out its duties.
- 5.2 The Board will ensure that the RC has access to internal and external professional advice in order for it to perform its duties.
- 5.3 These terms of reference may from time to time be amended as required, subject to the approval of the Board.

Note ¹: Key management personnel shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.



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CONFIRMATION OF INDEPENDENCE

In connection with my *appointment/re-appointment/confirmation as a member of the Remuneration Committee of Z-Obee Holdings Limited (the "Company"), I confirm the following:

- (a) That I *am/am not an executive Director of the Company or any of its related corporations⁽¹⁾ and *have/have not been employed by the Company or any of its related corporations⁽¹⁾ for the current or any of the past three financial years.
- (b) That I *have/do not have an immediate family⁽²⁾ member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations⁽¹⁾.
- (c) That I, or an immediate family member *have/have not accepted any significant compensation from the Company or any of its related corporations⁽¹⁾ other than fees for acting as a Director of the Company for the current or immediate past financial year.
- (d) That I, or an immediate family member *am/am not:
 - (i) *a 10% shareholder⁽⁴⁾ of *or
 - (ii) a partner in (with 10% or more stake) *or
 - (iii) an executive officer of, *or
 - (iv) a director of *

any organisation to which the Company or any of its subsidiaries made, *or from which the Company or any of its subsidiaries received, significant payments⁽³⁾ or material services (which may include auditing, banking, consulting and legal services) in the current or immediate past financial year.
- (e) I *am/am not a 10% shareholder⁽⁴⁾ or an immediate family member of a 10% shareholder⁽⁴⁾ of the Company.
- (f) I *am/am not or *have/have not been directly associated⁽⁵⁾ with a 10% shareholder⁽⁴⁾ of the Company, in the current or any of immediate past financial year.
- (g) That I *do/do not have any relationship with the Company, its related corporations⁽¹⁾, its 10% shareholder or its officers that could interfere or be reasonably perceived to interfere, with my exercise of independent business judgment with a view to the best interests of the Company and in carrying out my functions as an independent director and as a member of any board committee(s).

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- (h) *I am able to carry out my duties as a Director of the Company and to address any competing time commitments that may arise, despite my multiple board representations. I attach a copy of my current directorships and other principal commitments⁽⁶⁾.
- (i) I was appointed *an/a independent/non-independent Director on [date].

If any of the relationships (items (a) to (g)) stated above exist, please provide details:

In view of the foregoing, I am to be considered *independent/not independent of the Company's Management as contemplated by the Code of Corporate Governance 2012.

Signature

Name:

Date:

* delete where inapplicable.

Notes:

- (1) The term "**related corporation**", in relation to the Company, shall have the same meaning as currently defined in the Companies Act, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.
- (2) The term "**immediate family**" shall have the same meaning as currently defined in the Listing Manual of the Singapore Exchange (the "**Listing Manual**"), i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent.
- (3) As a guide, payment aggregated over any financial year in excess of S\$200,000 should generally be deemed significant.
- (4) The term "**10% shareholder**" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.
- (5) A director will be considered "**directly associated**" with a 10% shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% shareholder in relation to the corporate affairs of the corporation. A director will not be considered "directly associated" with a 10% shareholder by reason only of his appointment having been proposed by that 10% shareholder.
- (6) The term "**principal commitments**" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.