



**21 Holdings Limited**  
**21 控股有限公司\***  
*(incorporated in Bermuda with limited liability)*

## **REMUNERATION COMMITTEE TERMS OF REFERENCE**

*(adopted by a resolution of the board of directors of the Company on 2 June 2005)  
(revised on 12 March 2012)*

The board of directors (the “Board”) of 21 Holdings Limited (the “Company”) has resolved to establish a remuneration committee (the “Remuneration Committee”) pursuant to Code on Corporate Governance Practices (to be renamed as “Corporate Governance Code and Corporate Governance Report”), Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

### **1 Membership**

- 1.1 Members of the Remuneration Committee (the “Members”) shall be appointed by the Board.
- 1.2 The Remuneration Committee shall consist of not less than three members. The majority of the Members shall be independent non-executive directors of the Company.
- 1.3 Chairman of the Remuneration Committee shall be appointed by the Board and shall be an independent non-executive director.

### **2 Secretary**

- 2.1 The company secretary of the Company or any other person with appropriate qualification and experience as appointed by the Remuneration Committee from time to time shall be the secretary of the Remuneration Committee.

### **3 Meetings**

- 3.1 The Remuneration Committee shall meet at least once a year.
- 3.2 Quorum for the meetings of the Remuneration Committee shall be two Members, one of which must be independent non-executive directors.
- 3.3 Meetings could be held in person or through other electronic means of communication, by which all persons participating in the meeting are capable of hearing each other.
- 3.4 Resolutions of the Remuneration Committee at any meetings shall be passed by a majority of votes of the Members present.

*\* for identification purpose only*

- 3.5 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 Remuneration Committee duly convened and held.
- 3.6 Minutes shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes of the meetings shall be circulated to all Members for their comment and records, within a reasonable time after the meeting. Such minutes shall be open for Members' inspection.
- 3.7 At the invitation of the Remuneration Committee, directors, external advisers and other persons may attend all or part of any meetings. However, only the Members are entitled to vote at the meetings.

#### **4 Authority**

- 4.1 The Remuneration Committee shall consult the chairman of the Board about the remuneration proposals for other executive directors.
- 4.2 The Remuneration Committee is authorized by the Board to have access to independent professional advice, at the Company's expense, if necessary.
- 4.3 The Remuneration Committee shall be provided with sufficient resources to perform its duties.

#### **5 Responsibility and Duty**

- 5.1 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.
- 5.2 To review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives.
- 5.3 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.
- 5.4 To make recommendations to the Board on the remuneration of non-executive directors.
- 5.5 To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group.

- 5.6 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.
- 5.7 To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate.
- 5.8 To ensure that no director or any of his associates is involved in deciding his own remuneration.
- 5.9 To advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under the Listing Rules.
- 5.10 The chairman of the Remuneration Committee or in his absence, another Member or failing this his duly appointed delegate, shall be available to answer questions at the annual general meeting of the Company.

## **6 Reporting Procedures**

- 6.1 The Remuneration Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Remuneration Committee, the chairman of the Remuneration Committee shall report to the Board on findings and recommendations of the Remuneration Committee.