

**WEIYE HOLDINGS LIMITED**

**REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**

# REMUERATION COMMITTEE

## TERMS OF REFERENCE

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require every listed company to establish a remuneration committee which will report to the board of directors of the listed company.

This Terms of Reference of the Remuneration Committee of WEIYE HOLDINGS LIMITED (the “**Company**”) sets out its authority and duties as well as the procedure regulating the conduct of its meetings.

### 1. COMPOSITION

- 1.1 The Remuneration Committee (“**RC**”) shall be appointed by the board of directors (the “**Board**”) from among the members of the Board.
- 1.2 The RC is required to have at least three members, all of whom have to be non-executive and a majority of whom have to be independent, including the Chairman.
- 1.3 A member who wishes to retire or resign from the RC shall notify the Board in writing giving one (1) months’ notice or such shorter notice as may be agreed by the Board.

### 2. PROCEDURES GOVERNING MEETINGS

- 2.1 The RC being a committee of the Board shall conform to any regulations which may be from time to time imposed by the Board.
- 2.2 QUORUM The quorum for any meeting of the RC shall be the majority of the members of the RC at the time of the meeting.

#### 2.3 REQUISITION OF MEETINGS

- 2.3.1 The RC may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time, any member may summon a meeting of the members by issuing at least 7 days’ notice in writing (exclusive both of the day on which notice is served or deemed to be served and the day for which the notice is given) to each and every member. The expression “in writing” include those in the form sent out by mail, telefax, telex, cable, electronic mail or telegram by any such member.
- 2.3.2 The members may however, by unanimous consent, waive the aforesaid and allow for a shorter period of notice. A meeting shall be held at least once a year.

#### 2.4. CONDUCT OF MEETING

- 2.4.1 The Chairman of the RC shall preside at each meeting. If the Chairman of the RC is not present within five (5) minutes after the time appointed for holding the meeting, the members present may choose one of the members to be Chairman of the meeting so long as the appointed Chairman is an independent non-executive director.

- 2.4.2 All decisions at any meeting of the RC shall be decided by a majority of votes of the members present and voting and such decision shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration.
- 2.4.3 All recommendations of the RC shall be referred to the Board for approval.
- 2.4.4 The RC may invite any director and executive officer of the company to attend its meetings.
- 2.5 **PARTICIPATION VIA COMMUNICATION EQUIPMENT** The members may participate in a meeting via telephone conference or such other similar communication equipment by means of which all persons participating in the meeting can hear each other, without a member being in the physical presence of another member or members, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.
- 2.6 **RESOLUTIONS IN WRITING** A resolution in writing signed by all the members and constituting a quorum shall be as effective as a resolution duly passed at a RC meeting and may consist of several documents in the like form, each signed by one or more members. The expression “in writing” and “signed” include approval by telefax, telex, cable, electronic mail or telegram by any such member.
- 2.7 **DEBARRED FROM VOTING** A member shall not vote in respect of any matters or proposal whatsoever in which he has any interest, directly or indirectly. A member shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

### **3. AUTHORITY**

- 3.1 The RC is authorised by the Board to seek any necessary information which is within the RC’s scope of duties from the employees of the Group.
- 3.2 The RC is authorised by the Board to obtain outside legal or other independent professional advice, at the expense of the Company, to fulfill its responsibilities and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary or desirable. Note: All such arrangements of obtaining outside legal or other independent professional advice may be made by the company secretary.
- 3.3 The RC shall have access to sufficient resources in order to perform its duties.

### **4. DUTIES AND POWERS**

- 4.1 To review and approve the policy for determining the remuneration of executives of the Company and its subsidiaries (the “**Group**”), including that of our executive directors, chief executive officer and other key management executives;
- 4.2 To review the on-going appropriateness and relevance of our executive remuneration policy and other benefit programmes;
- 4.3 To consider, review and approve and/or vary (if necessary) the entire specific remuneration package and service contract terms for individual executive directors and each member of key management (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts) having regard to the executive

remuneration policy for each of the companies within our Group and with reference to the Board's corporate goals and objectives;

- 4.4 To consider and approve termination payments, retirement payments, gratuities, exgratia payments, severance payments and other similar payments to each member of key management;
- 4.5 To determine, review and approve the design of all option plans, stock plans and/or other equity based plans that our Group proposes to implement, to determine each year whether awards will be made under such plans, to review and approve each award as well as the total proposed awards under each plan in accordance with the rules governing each plan and to review, approve and keep under review performance hurdles and/or fulfilment of performance hurdles under such plans;
- 4.6 To make recommendation to the Board and to approve the remuneration framework (including directors' fees) for our non-executive Directors on the relevant boards of directors within our Group;
- 4.7 To approve the appointment of key management positions and review succession plans for key positions within our Group;
- 4.8 To oversee the development of key executives and talented executives within our Group;
- 4.9 To make recommendations to the Board on our Group's policy and structure for all executive Directors' and key management executives' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 4.10 To review our Group's obligations arising in the event of termination of executive directors' and key management personnel's contracts of service (including but not limited to ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous);
- 4.11 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;
- 4.12 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;
- 4.13 To ensure that no director or any of his associates is involved in deciding his own remuneration;
- 4.14 To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Group;
- 4.15 To disclose the Group's remuneration policies, level and mix of remuneration, and the procedure for setting remuneration;
- 4.16 To do any such things to enable the RC to discharge its powers and functions conferred on it by the Board;

- 4.17 To conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation; and
- 4.18 The Company should disclose details of any remuneration payable to members of senior management by band in the Annual Report.

## **5 REPORTING**

- 5.1 The company secretary of the Company shall be the secretary of the RC. In the absence of the company secretary, his/her delegate(s) or any person elected by the members present at the meeting of the RC shall attend the meeting of the RC and take minutes.
- 5.2 Full minutes of the meetings of the RC shall be kept by the secretary of the RC.
- 5.3 Each meeting of the RC shall be properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes shall then be duly circulated to all members.
- 5.4 The RC should report to the Board on a regular basis on its decisions or recommendations.

## **6. ANNUAL GENERAL MEETINGS**

The chairman of the RC or in his absence, another member of the RC or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the annual general meeting on the RC's work and responsibilities.

## **7 PROCEDURES RELATING TO CHANGES OR AMENDMENTS IN THE REMUNERATION COMMITTEE'S TERMS OF REFERENCE**

- 7.1 The RC shall initiate amendments to its Terms of Reference when the need arises due to changes in legislation governing corporate governance. Any director may give instructions for such amendments to the RC's Terms of Reference, as he deems fit, by reason of changes in the Company's structure, organisation and/or operations which affect the matters set out in the Terms of Reference.
- 7.2 Amendment to the Terms of Reference shall be submitted to the RC for consideration and approved by the Board.