

南興集團有限公司
NAM HING HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(the “Company”)

Terms of Reference for the Remuneration Committee

These terms of reference were approved and adopted by the resolutions of the board of directors of the Company (the “**Board**”) passed on 26 July 2005.

1 Membership

- 1.1 Members of the Remuneration Committee shall be appointed by the Board.
- 1.2 A majority of the members of the Remuneration Committee shall be independent non-executive directors.

2 Chairman

- 2.1 The chairman of the Remuneration Committee shall be appointed by the Board.

3 Secretary

- 3.1 The company secretary shall be the secretary of the Remuneration Committee.
- 3.2 In the absence of the secretary of the Remuneration Committee, the members present at the meeting of the Remuneration Committee shall elect another person as the secretary.

4 Quorum

- 4.1 The quorum for meetings of the Remuneration Committee shall be any two members.
- 4.2 A duly convened meeting of the Remuneration Committee at which a quorum is present at the time when the meeting proceeds to business and continues to be present until the conclusion of the meeting, shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.

5 Frequency of meetings

- 5.1 The Remuneration Committee shall meet at least once a year (“**regular meeting**”).

6 Attendance at meetings

- 6.1 Members of the Remuneration Committee may attend meetings of the Remuneration Committee either in person or through other electronic means of communication.

7 Notice of meetings

- 7.1 A meeting of the Remuneration Committee may be convened by any of its members, or by the secretary of the Remuneration Committee at the request of any of its members.
- 7.2 Unless otherwise agreed by all the members of the Remuneration Committee, notice of at least 14 days shall be given of a regular meeting of the Remuneration Committee, and such notice shall be sent to each member of the Remuneration Committee and to any other person invited to attend. For all other meetings of the Remuneration Committee, reasonable notice shall be given.
- 7.3 In respect of a regular meeting of the Remuneration Committee and so far as practicable in all other cases, an agenda and accompanying supporting papers shall be sent to all members of the Remuneration Committee and to other attendees as appropriate at least 3 days before the date of the meeting (or such other period as agreed).
- 7.4 Any member of the Remuneration Committee shall be entitled, by notice to the secretary of the Remuneration Committee, to include other matters relevant to the functions of the Remuneration Committee in the agenda of a Remuneration Committee meeting.

8 Minutes of meetings

- 8.1 The secretary of the Remuneration Committee (or his/her delegate) in attendance at the meetings of the Remuneration Committee shall minute in sufficient detail the matters considered and decisions reached at such meetings. The minutes shall also include any concerns raised by any member of the Remuneration Committee and/or dissenting views expressed.
- 8.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Remuneration Committee shall not be counted towards the quorum and he must abstain from voting on any resolution of the Remuneration Committee in which he or any of his associates has a material interest, unless the exceptions set out in note 1 to Appendix 3 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) apply.
- 8.3 Draft and final versions of minutes of Remuneration Committee meetings shall be sent to all Remuneration Committee members for their comment and records respectively, in both cases within a reasonable time after the meeting. Once the minutes are signed,

the secretary shall circulate the minutes and reports of the Remuneration Committee to all members of the Board.

- 8.4 Minutes of the Remuneration Committee shall be kept by the secretary of the Remuneration Committee and shall be available for inspection by any member of the Remuneration Committee or the Board at any reasonable time on reasonable notice.

9 Annual general meeting

- 9.1 The chairman of the Remuneration Committee or in his absence, another member of the Remuneration Committee 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 Remuneration Committee's activities and their responsibilities.

10 Other regulations governing the meetings and proceedings of the Remuneration Committee

- 10.1 Unless otherwise specified above, the provisions contained in the Company's Bye-laws for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Remuneration Committee.

11 Duties

The duties of the Remuneration Committee are as follows:-

- (a) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management^{Note} and on the establishment of a formal and transparent procedure for developing such policy;
- (b) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management^{Note}, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) to review and approve the compensation payable to executive directors and senior management^{Note} in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in

accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

- (e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- (g) to advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under Rule 13.68 of the Listing Rules.

12 Reporting responsibilities

- 12.1 The Remuneration Committee shall compile a report to shareholders on its role and work performed by it during the year, including determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving executive directors' service contracts, for inclusion in the Company's Corporate Governance Report.
- 12.2 The Remuneration Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

13 Others

- 13.1 The Remuneration Committee shall consult the Chairman of the Board and/or Chief Executive Officer about their proposals relating to the remuneration of other executive directors and shall have access to professional advice if considered necessary.
- 13.2 The Remuneration Committee shall be provided with sufficient resources to discharge its duties.
- 13.3 All members of the Remuneration Committee shall have access to the advice and services of the secretary of the Remuneration Committee with a view to ensuring that procedures of the Remuneration Committee and all applicable rules and regulations are followed.
- 13.4 In the event that the Remuneration Committee or any member of the Remuneration Committee requires access to outside independent professional advice in connection with its/his duties (e.g., legal advice and advice from human resource consultants), a request may be made to the Board through the company secretary. All such requests shall be processed in accordance with the Company's pre-defined procedures for seeking independent professional advice at the Company's expense.

- 13.5 Every member of the Remuneration Committee shall ensure that he can give sufficient time and attention to his duties as a member of the Remuneration Committee. He shall give the Company the benefit of his skills and expertise through regular attendance and active participation.
- 13.6 The Remuneration Committee is authorised by the Board to seek such further information from the management of the Company as it may require in order to enable it to discharge its duties.
- 13.7 The Remuneration Committee and each of its members shall have separate and independent access to the Company's senior management^{Note}.

14 Publication of the terms of reference of the Remuneration Committee

- 14.1 The terms of reference of the Remuneration Committee will be posted on the website of the Company, and will be made available on request.

Note: **“Senior management”** shall refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules.