

*(Terms of Reference of Remuneration Committee are available in English only)*  
*(薪酬委員會職權範圍僅以英文載列)*

## **SHUN TAK HOLDINGS LIMITED**

### **REMUNERATION COMMITTEE TERMS OF REFERENCE**

The board of directors (the “**Board**”) of Shun Tak Holdings Limited (the “**Company**”) and, together with its subsidiaries, referred to as the “**Group**”) hereby constitutes and establishes a remuneration committee (the “**Remuneration Committee**”) with authority, responsibility and specific duties as described below:-

#### **Membership**

The Remuneration Committee shall be appointed by the Board. The Remuneration Committee shall be made up of at least three members and consist of a majority of independent non-executive directors of the Company. The chairman of the Remuneration Committee shall be appointed by the Board. Subject to compliance with any requirements of the law or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) or the Articles of Association of the Company or any restrictions provided herein, the quorum for transaction of business of the Remuneration Committee shall be the majority of the directors of the Company (the “**Directors**”) appointed to the Remuneration Committee and the Managing Director and/or the Deputy Managing Director of the Company appointed thereto.

If a remuneration report pursuant to clause 8 of sub-section “(A) Specific Duties” is prepared, the members of the Remuneration Committee shall be identified in such remuneration report to the shareholders of the Company.

Each member of the Remuneration Committee shall disclose to the Remuneration Committee:

- (i) any personal financial interest (other than as a shareholder) in any matter to be decided by the Remuneration Committee;
- (ii) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Remuneration Committee.

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#### **Authority**

The Remuneration Committee is authorised by the Board to investigate any activity within these terms of reference and shall be provided with sufficient resources to discharge its duties. It is authorised to seek any information it requires from any employee in order to perform its duties and all employees are directed to co-operate with any request made by the Remuneration Committee.

The Remuneration Committee should consult the Chairman of the Board and the Managing Director of the Company about their proposals relating to the remuneration of other executive Directors and have access to professional advice if considered necessary.

#### **Meetings**

The Remuneration Committee shall meet at least once per year. Additional meetings shall be held as the work of the Remuneration Committee demands.

Meetings may be held by telephone conference.

#### **Attendance**

As necessary or desirable, the chairman of the Remuneration Committee may request that members of management and/or the heads of human resources division and/or external adviser be present at meetings of the Remuneration Committee.

#### **Minutes**

Minutes of each Remuneration Committee meeting are to be prepared and sent to the Remuneration Committee members within a reasonable time after the meeting.

The Secretary shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Board, unless a conflict of interest exists.

#### **General**

The Remuneration Committee should make available these terms of reference, explaining its role and the authority delegated to it by the Board.

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#### **Duties**

##### **(A) Specific Duties**

- (1) To make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.
- (2) To have the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management, 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.
- (3) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.
- (4) To review and approve the compensation payable to executive Directors and senior management 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.
- (5) 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.
- (6) To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.
- (7) To advise shareholders of the Company on how to vote with respect to any service contracts of Directors that require shareholders' approval under Rule 13.68 of the Listing Rules.
- (8) To prepare the Board's remuneration report to shareholders or advise the Board in relation to the preparation of such remuneration report to shareholders, if the Remuneration Committee deems appropriate to do so, or if and when the Company is required under the Listing Rules or other applicable law or regulations to prepare such remuneration report.
- (9) To keep the Board fully informed of its actions.

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For the purposes of these terms of reference, “senior management” refers to the same category of persons as referred to in the Company’s annual report and as are required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules.

#### **(B) General Duties**

In carrying out its duties under these terms of reference, the Remuneration Committee should:

- (1) provide the packages needed to attract, retain and motivate executive Directors of the quality required to run the Company successfully, but should avoid paying more than is necessary for this purpose;
- (2) exercise its powers, authorities and discretions and perform its duties having regard to, and in accordance with, any relevant legal requirements and the Listing Rules, including the Code of Corporate Governance Practices contained in Appendix 14 of the Listing Rules (as amended from time to time).

Adopted by the Board on 14 June 2005 and amended on 21 April 2010.