



SHUN TAK HOLDINGS LIMITED

信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 242)

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 an independent non-executive director. 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.

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.

Authority

The Remuneration Committee shall be provided with sufficient resources to perform 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/or the Managing Director of the Company about the remuneration proposals for other executive Directors. The Remuneration Committee should have access to independent professional advice if 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.

A resolution in writing signed by all the members of the Remuneration Committee for the time being shall be as valid and effectual as a resolutions passed at a meeting of the Remuneration Committee duly called and constituted.

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 of the Remuneration Committee 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 by including them on the websites of The Stock Exchange of Hong Kong Limited and the Company.

Duties

(A) Specific Duties

- (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.
- (2) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- (3) To determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management or 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.
- (4) To make recommendations to the Board on the remuneration on non-executive Directors.
- (5) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.
- (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.
- (7) 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.
- (8) To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.
- (9) 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.
- (10) 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.
- (11) To keep the Board fully informed of its actions.

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 and senior management of the quality required to run the Company successfully without paying more than necessary;
- (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 and on 26 March 2012.