



# Sam Woo Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

## Terms of reference for the Remuneration Committee

### 1 Definition

1.1 For the purposes of these terms of reference (the *Terms*):

- (a) **Board** means the board of directors of the Company.
- (b) **Company Secretary** means the company secretary of the Company.
- (c) **Directors** mean the members of the Board.
- (d) **Group** means the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor.
- (e) **Listing Rules** mean the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).
- (f) **Remuneration Committee** means the remuneration committee established by the resolution of the Board in accordance with clause 3 of these Terms.
- (g) **Senior Management** means the chairman, chief executive officer, chief financial officer, company secretary and any other officer of the Group determined by the Board from time to time as senior management of the Company.
- (h) **Shareholders** mean the shareholders of the Company.

1.2 The word "remuneration", as used in these Terms, includes without limitation any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments (including any compensation payable for loss or termination of office or appointment), incentive payments and share options.

## 2 Constitution

2.1 The Board has resolved to establish a committee of the Board to be known as the Remuneration Committee.

## 3 Membership

3.1 The members of the Remuneration Committee shall be appointed by the Board from time to time from among the non-executive Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors. A quorum shall be two members. The chairman of the Remuneration Committee shall be appointed by the Board.

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

- (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
- (b) 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 shall (if so required by the Board) resign from the Remuneration Committee.

## 4 Frequency and conduct of meetings

4.1 Meetings shall be held at least once a year. The chairman of the Remuneration Committee shall convene a meeting upon request by any member of the Remuneration Committee.

4.2 An agenda and accompanying board papers should be sent in full to all Directors in a timely manner and at least 3 days before the intended date of a meeting of the Remuneration Committee (or such other period as agreed by its members).

4.3 Senior Management is obliged to supply the Remuneration Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a Director requires more information than is volunteered by Senior Management, the relevant Director should make additional necessary enquiries. The Board and each Director shall have separate and independent access to the Senior Management.

## 5 Authority

5.1 The Remuneration Committee is authorised by the Board to discharge its duties within these Terms. It is authorised to seek any remuneration information it requires from the Directors and/or Senior Management who are directed to co-operate with the Remuneration Committee.

5.2 The Remuneration Committee is authorised by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Remuneration Committee shall be provided with sufficient resources to discharge its duties. The Remuneration Committee should be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultant who advises the Remuneration Committee.

## 6 Duties

6.1 The duties of the Remuneration Committee shall include:

6.1.1 making recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and Senior Management and on the establishment of a formal and transparent procedure for developing such remuneration policy;

6.1.2 being responsible for determining the specific remuneration packages of all executive Directors and Senior Management and to 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 and Senior Management, remuneration levels within the Group and desirability of performance-based remuneration packages;

- 6.1.3 reviewing and approving any performance-based remuneration offered by the Group with reference to corporate goals and objectives resolved by the Board from time to time;
  - 6.1.4 reviewing and approving the compensation payable to executive Directors and Senior Management in connection with any loss or termination of their office or appointment in order to ensure that such compensation is determined in accordance with the relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
  - 6.1.5 reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
  - 6.1.6 ensuring that no Director or any of his associates is involved in deciding his own remuneration;
  - 6.1.7 advising the Shareholders on how to vote with respect to any service contracts of the Directors that require Shareholders' approval under the Listing Rules; and
  - 6.1.8 reviewing the Group's policy on expense reimbursements for the Directors and Senior Management.
- 6.2. In carrying out its duties under these terms of reference, the Remuneration Committee should:
- 6.2.1. consult the chairman of the Board and/or the chief executive officer about their proposals relating to the remuneration of the executive Directors;
  - 6.2.2. provide the packages needed to attract, retain and motivate executive Directors of the quality required, but avoid paying more than is necessary for this purpose;
  - 6.2.3. judge where to position the Group relative to other companies. They should be aware what comparable companies are paying and should take account of relative performance;
  - 6.2.4. be sensitive to the wider scene, including pay and employment conditions within the Group and elsewhere, especially when determining annual salary increases;

- 6.2.5. ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give the Directors incentives to perform at the highest levels; and
  - 6.2.6. ensure that share options offered by the Company to its Directors or Senior Management (if any) are in accordance with Chapter 17 of the Listing Rules, as applicable.
- 6.3. Without prejudice to the generality of the terms of reference to the Remuneration Committee set out above, the Remuneration Committee shall:
- 6.3.1. operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to, and recommend to the general meeting of shareholders grants of options to be made to Directors and/or Senior Management. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
  - 6.3.2. liaise with the trustee of any employee share scheme which is created by the Company for the benefit of employees, Senior Management or Directors;
  - 6.3.3. review the terms of executive Directors' service contracts from time to time; and
  - 6.3.4. advise the Board in relation to the preparation of the Board's remuneration report (if any) to shareholders.

## 7 Reporting procedures

7.1 Minutes of the Remuneration Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.

Minutes of meetings of the Remuneration Committee shall record in sufficient detail the matters considered by the Remuneration Committee and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.

7.2 Without prejudice to the generality of the duties of the Remuneration Committee set out in these Terms, the Remuneration Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

## 8 Terms available

8.1 The Remuneration Committee shall make available these Terms on request and by inclusion on the Company's website, thereby explaining its role and the authority delegated to it by the Board.