



*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 173)

## **Remuneration Committee**

**Terms of Reference adopted on 20 December 2005 and  
revised on 22 March 2012**

### **A. Constitution**

- A.1 The Remuneration Committee was established by the Board on 20 December 2005.
- A.2 These terms of reference of the Remuneration Committee were approved by the Board on 20 December 2005 and revised on 22 March 2012. The Board has the authority to review and amend these terms of reference from time to time.

### **B. Membership**

- B.1 The Remuneration Committee shall consist of three Members, a majority of whom shall be INEDs.
- B.2 The Board shall appoint a Member, who shall be an INED, to be the chairman of the Remuneration Committee.

### **C. Term**

- C.1 The Board shall determine the term of each Member. If a Member ceases to be a Director, or an INED, then his office as Member shall ipso facto cease.

### **D. Meetings**

- D.1 The quorum for meeting of the Remuneration Committee shall be two Members.
- D.2 The Remuneration Committee shall meet regularly and at least once in every financial year. Members may participate either in person or through other electronic means of communication and active participation is expected.

- D.3 The Remuneration Committee shall have power to invite any person(s) it wishes to attend to assist Members in the meeting.
- D.4 The company secretary of the Company shall be the Secretary of the Remuneration Committee.
- D.5 Notice of at least 7 days shall be given to all Members. An agenda and accompanying meeting papers shall be sent to all Members at least 3 days before the intended date of the Remuneration Committee meeting (or such other period as agreed).
- D.6 All Members shall have access to the services of the Secretary, and (if necessary) independent professional advice in accordance with the policy of the Company.
- D.7 Minutes signed by the Remuneration Committee chairman are conclusive evidence of the proceedings and subject matters resolved at the relevant Remuneration Committee meeting.
- D.8 A Member having a conflict of interest in a matter to be considered by the Remuneration Committee, which the Remuneration Committee chairman determines to be material, shall declare his interest. All matters involving material conflict of interest shall be dealt with by way of meeting.
- D.9 Members (deciding in majority) have the power to regulate and determine the proceedings of their Remuneration Committee meeting, including – without limitation - the power to accept short (or dispense with) notice of meeting, abridge any time period. Subject to paragraph D.8, if the Remuneration Committee so decides, a resolution in writing signed by all Members for the time being shall be as effective for all purposes as a resolution of the Members passed at a meeting duly convened, held and constituted. All Members shall keep materials and information of the Remuneration Committee at all times confidential.

**E. Authority**

- E.1 The Remuneration Committee is authorized by the Board to perform any activity within its terms of reference. It is authorized to seek any information it requires from any Director or employee in order to perform its duties.
- E.2 The Remuneration Committee shall consult the Chairman and/or Managing Director of the Company about their proposals relating to the remuneration of other executive Directors.

## **F. Duties**

F.1 The duties of the Remuneration Committee are the following:-

- (a) 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;
- (b) to determine, with delegated authority from the Board, 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;
- (c) to review and approve the management's remuneration proposal with reference to the Board's corporate goals and objectives;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) 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;
- (g) 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; and
- (h) to ensure that no Director or any of his associates (that term as defined in the Listing Rules) is involved in deciding his own remuneration.

F.2 The chairman of the Remuneration Committee or in his absence, another Member or failing him, his duly appointed delegate, shall be available to answer questions at the Company's annual general meeting.

## **G. Reporting procedures**

G.1 The Secretary will circulate the minutes of the Remuneration Committee meetings, written resolutions of the Remuneration Committee, reports of the Remuneration Committee and other relevant information to the Board.

G.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).

## **H. Miscellaneous**

H.1 These terms of reference shall be made available on by including publication on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

### ***Definitions:***

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|--------------------------|---|
| “Board”                  | : the board of directors of the Company   |
| “Company”                | : K. Wah International Holdings Limited   |
| “Director(s)”            | : the director(s) of the Company  |
| “Exchange”               | : The Stock Exchange of Hong Kong Limited   |
| “Group”                  | : Company and its subsidiaries  |
| “INED”                   | : independent non-executive director (within the meaning of the Listing Rules) of the Company |
| “Listing Rules”          | : Rules Governing the Listing of Securities on the Exchange                                   |
| “Member” and “Secretary” | : respectively, member and secretary of the Remuneration Committee                            |
| “Remuneration Committee” | : remuneration committee of the Company   |