

# NGAI LIK INDUSTRIAL HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

(Stock Code: 332)

(the “Company”)

## TERMS OF REFERENCE OF REMUNERATION COMMITTEE (the “Committee”)

### **Constitution**

1. The board of directors of the Company (the “**Board**”) has established these terms of reference (these “**Terms**”) in compliance with the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### **Membership**

2. The Committee shall be appointed by the Board and consist of a minimum of three members, the majority of which shall be independent non-executive directors. The Board may from time to time appoint additional members to the Committee from among the non-executive directors.

3. The Board shall nominate one of the independent non-executive directors amongst the members as the chairman of the Committee.

4. The Company Secretary or his duly appointed nominee shall act as the Committee’s Secretary.

### **Frequency and proceedings of meetings**

5. The quorum of a meeting shall be two members of the Committee provided always that if on resolution that a director is interested, he shall NOT be counted as quorum and any vote by him (if made) shall be disregarded. Other Board members, apart from the Committee members, have the duty to attend any Committee meetings if invited by the Committee, and they shall not be counted in the quorum.

6. The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands or as requested by the Company Secretary. In addition, the chairman of the Committee may convene additional meetings at his discretion.

7. Proceedings of meetings of the Committee shall be governed by the provisions of the bye-laws of the Company relating to directors proceedings (and such provisions shall be deemed to form part of these Terms).

8. The Committee is authorized by the Board to invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.

### **Duties, powers and functions**

9. The Committee shall –

a. formulate remuneration policy for approval by the Board, which shall take into consideration factors such as salaries paid by comparable companies, employment

conditions, and responsibilities, and individual performance of the directors and senior management. Performance shall be measured against corporate goals and objectives resolved by the Board from time to time; and implement the remuneration policy laid down by the Board, if any;

b. consult the chairman and/or chief executive about their remuneration proposals for other executive directors. The remuneration committee should have access to independent professional advice if necessary;

c. without prejudice to the generality of the foregoing:

- (a) 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 policy on such remuneration;
- (b) review and approve the management's remuneration with reference to the Board's corporate goals and objectives;
- (c) determine with delegated responsibility the remuneration packages of individual executive directors and senior management of the Group, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) make recommendations to the Board on the remuneration of non-executive directors;
- (e) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) 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 determined in accordance with relevant contractual terms and 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;
- (h) determine the criteria for assessing employee's performance, which should reflect the Company's business goals, objectives and targets;
- (i) to ensure that no director or any of his associate is involved in deciding his own remuneration;
- (j) engage external professional advisors to assist and/or advise the Committee on issues if necessary;
- (k) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;

- (l) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation;
- (m) exercise such other powers, authorities and discretion, and perform such other duties, of the directors in relation to the remuneration as the Board may from time to time delegate to it, have regard to the Corporate Governance Code of the Listing Rules; and
- (n) advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under the Listing Rules as amended from time to time.

### **Reporting procedures**

10. The Committee shall report to the Board on a regular basis. At the next Board meeting following a Committee's meeting, the Committee's Chairman shall report the Committee's findings and recommendations to the Board.

### **Terms of Reference**

11. These Terms shall be reviewed on annual basis and as required.

12. These Terms will be posted on the websites of the Stock Exchange and the Company.

Note:

*1. Senior management are generally referred to those set out in the Company's annual report and shall include but not limit to all Chief Officers such as the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Technical Officer, etc. or such other titles and designations where the customs of the trade or business will use. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the Group as, in the opinion of the directors, is appropriate.*

*2. If there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.*