



EcoGreen Fine Chemicals Group Limited

中怡精細化工集團有限公司 *

(incorporated in the Cayman Islands with limited liability)
(Stock code: 2341; Website: www.ecogreen.com)

**TERMS OF REFERENCE OF
THE REMUNERATION COMMITTEE**



EcoGreen Fine Chemicals Group Limited
中怡精細化工集團有限公司 *
(the "Company")

**TERMS OF REFERENCE (THE "TERMS OF REFERENCE")
OF THE REMUNERATION COMMITTEE (THE "COMMITTEE")**

1. Constitution

1.1 The Committee is established pursuant to a resolution passed by the board of directors (the "Board") at its meeting held on 16 February 2004. These Terms of Reference were revised and adopted by the Board pursuant to a written resolution passed by the Board dated 30 March 2012.

2. Membership

- 2.1 Members of the Committee shall be appointed by the Board from amongst the members of the Board and shall consist of not less than two members and a majority of which should be independent non-executive Directors ("INED(s)") of the Company.
- 2.2 The Chairman of the Committee shall be appointed by the Board and shall be an INED.
- 2.3 The company secretary shall be the secretary of the Committee.
- 2.4 The appointment of the members or secretary of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.

3. Frequency and proceedings of meetings

- 3.1 **Frequency:** Meetings shall be held not less than once a year. Additional meetings should be held as its business requires and as determined by its members.
- 3.2 **Notice:** Unless otherwise agreed by all the Committee members, a meeting shall be called by at least seven days' notice. (Regular meetings should be called by, so far as practicable, at least 14 days' notice; cf: paragraph A.1.3 of Appendix 14 to the Listing Rules.) A Committee member may and, on the request of a Committee member, the secretary to the Committee shall, at any time summon a Committee meeting. Notice shall be given to each Committee member in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the secretary by such Committee member or in such other manner as the Committee members may from time to time determine. Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting. Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting. In respect of regular meetings of the Committee to be held as mentioned in clause 3.4 below, and so far as practicable for all other meetings of the

* For identification purpose only

Committee, the agenda and accompanying papers shall be sent in full to all the members of the Committee in a timely manner and at least three days before the intended date of the meeting of the Committee (or such other period as all the Committee members may agree).

- 3.3 **Quorum:** The quorum of the Committee meeting shall be two members of the Committee and a majority of which shall be the INEDs.
- 3.4 Meetings shall be held at least once a year to formulate, consider and make recommendation to the Board and structure for all remuneration of the Directors and senior management of the Group (as defined below) and to review the proposal prepared by the management of the Group and/or the remuneration arrangement implemented by the Group. Other Board members shall also have the right of attendance.
- 3.5 A Committee member may not vote on any resolution of the Committee regarding his own remuneration.
- 3.6 The Committee should consult the chairman and/or chief executive Directors about their remuneration proposals for other executive Directors. The Committee should have access to independent professional advice if necessary. It should be an overriding principle that the remuneration levels should be sufficient to attract and retain Directors to run the company successfully without paying more than necessary.

4. Written resolutions

- 4.1 Written resolutions may be passed by all Committee members in writing.

5. Alternate Committee members

- 5.1 A Committee member may not appoint any alternate.

6. Authority of the Committee

- 6.1 The Committee may exercise the following powers:
 - (a) to review any proposed service contract with any Director or senior management before such contract is entered into and to make recommendation to the Company's human resources department for any changes to the proposed terms of such contract;
 - (b) to make recommendations regarding the remuneration, bonuses and welfare benefits of the executive Directors and the senior management;
 - (c) to request the Board to convene a shareholders' meeting (if necessary) for purposes of removing any Director and to dismiss any employees if there is evidence showing that the relevant Director and/or employee has failed to discharge his duties properly;
 - (d) to seek any information it requires from any employee of the Company and its subsidiaries (together the "Group") and any professional advisers (including auditors), to require any of them to prepare and submit reports and to attend Committee meetings and to supply information and address the questions raised by the Committee;

- (e) to review annually these Terms of Reference and their effectiveness in the discharge of its duties and to make recommendation to the Board any changes it considers necessary;
- (f) to review the performance of the Group's employees (including directors and senior officers) in relation to the determination of the remuneration package to be offered to executive directors and senior management;
- (g) to obtain, at the Company's expenses, outside legal or other independent professional advice or assistance as it considers to be necessary, include the advice of independent human resource consultancy firm or other independent professionals, and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies in the industry. The Committee shall have full authority to commission any report or survey which it deems necessary to help it fulfill its duties; and
- (h) to exercise such powers as the Committee may consider necessary and expedient so that their duties under section 7 below can be properly discharged.

7.1 Duties

7.1 The duties of the Committee shall be:

- (a) to make recommendations to the Board on the Group's policy and structure for all Directors and senior management remuneration of the Group and on the establishment of a formal and transparent procedure for developing remuneration policy, with an objective of such policy of ensuring that employees of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;
- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) either (1) to determine with delegated responsibility, the remuneration packages of individual executive Directors and senior management, or (2) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments such as compensation payable for loss or termination of their office or appointment, and to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group, in the following manner:
 - (i) executive Directors shall determine the remuneration packages of employees of the Group other than senior management, having regard to the remuneration policy laid down by the Committee; and
 - (ii) the Committee to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management which shall be determined by the Board, where the Board resolves to approve any remuneration or compensation arrangements with which the Committee disagrees, the Board should

disclose the reasons for its resolution in its next Corporate Governance Report;

- (d) to make recommendations to the Board on the remuneration of non-executive Directors and, for the avoidance of doubt, remuneration of non-executive Directors shall be determined by the Board;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) in respect of any service agreement to be entered into between the Company or any members of the Group and the Director or proposed Director or any members of the Group, the prior approval of which by the shareholders of the Company in general meeting is required pursuant to the Listing Rules, to review and provide recommendations to the shareholders of the Company (other than shareholders who are Directors with a material interest in the relevant service agreements and their respective associates) as to whether the terms of the service agreements are fair and reasonable and whether such service agreements are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote;
- (g) 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;
- (h) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate;
- (i) to ensure that no Director or any of his associates is involved in deciding his own remuneration;
- (j) from remuneration perspective, to conduct exit interviews with any Director or senior management upon their resignation in order to ascertain the reasons, if any, for his departure;
- (k) to consider the appointment of any person to be a Committee member either to fill a casual vacancy or as an additional Committee member or dismissal of any of them; and
- (l) to consider other matters, as defined or assigned by the Board from time to time.

8. Reporting procedures

- 8.1 Full minutes of the meetings of the Committee and all written resolutions of the Committee should be kept by the secretary of the Committee.
- 8.2 The secretary of the Committee shall circulate the draft and final versions of minutes of the meetings of the Committee or, as the case may be, written resolutions of the Committee to all members of the Committee for their comment and records respectively within a reasonable time after the meeting or before the passing of the written resolutions.
- 8.3 The secretary of the Committee shall keep record of all meetings of the Committee held during each financial year of the Company and records of individual attendance of members of the Committee, on a named basis, at meetings held during that financial year.

9. Continuing application of the articles of association of the Company

9.1 The articles of association of the Company regulating the meeting and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in this Terms of Reference shall apply to the meetings and proceedings of the Committee.

10. Powers of the Board

10.1 The Board may, subject to compliance with the articles of association of the Company and the Listing Rules (including the Corporate Governance Code set out in Appendix 14 to the Listing Rules or if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke this Terms of Reference and any resolution passed by the Committee provided that no amendments to and revocation of this Terms of Reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such Terms of Reference or resolution had not been amended or revoked.

11. Publication of the Terms of Reference of the Committee

11.1 The 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 website of the Company and on the website of the Stock Exchange of Hong Kong Limited.

30 March 2012

- The End -