

K & P International Holdings Limited

Terms of Reference for the Remuneration Committee

1. Membership

The members of the Committee shall comprise of at least two non-executive directors who are independent of management and free of any business or other relationship which could interfere with the exercise of their independent judgment.

The Chairman and members of the Committee shall be appointed by the Board.

The Board may from time to time appoint additional members to the Committee from among the directors.

2. Secretary

The Company Secretary shall act as the secretary of the Committee.

3. Quorum and Attendance

A quorum shall be at least two members.

The Committee shall have the power to invite any Executive Directors or other persons, such as the Human Resources Manager as it considers appropriate, to attend its meetings in order to assist the Committee in the attainment of its objectives.

4. Frequency of Meetings

The Committee shall meet with such frequency as it may consider appropriate (but in any event shall be at least once a year).

5. Authorities

The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information if reasonably requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorized by the Board to seek appropriate professional advice inside and outside the group as and when it considers this appropriate.

6. Objective

The purpose of the Committee is to review the remuneration policy for those of the directors and senior management of the Group and that no individual director should determine his/her own remuneration.

7. Duties

The duties of the committee shall be:

- (a) to make recommendations to the board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (b) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the board of the remuneration of non-executive directors. The remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the board from time to time;
- (d) to review and approve compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (g) to review and sanction new or amended salary, incentive bonus and retirement benefit policies for the Company and its subsidiaries which are substantial in their cost and impact on a significant proportion of employees; and
- (h) to review the Committee's terms of reference and its own effectiveness and recommend to the Board from time to time any necessary changes.

8. Minutes

The minutes of meetings of the Committee shall be circulated to all members of the Board.

