

REMUNERATION AND NOMINATION COMMITTEE

COMMITTEE MEMBERS

Dr. The Hon. Sir David Kwok-po LI – Independent Non-executive Director (Chairman)

Mr. Iain F. BRUCE – Independent Non-executive Director

Mr. Jan Peter Seeberg ERLUND – Independent Non-executive Director

Ms. Myrna Mo-ching LO – Non-executive Director

Ms. Yvonne Mo-ling LO – Non-executive Director

TERMS OF REFERENCE

1. Membership

The Committee shall be appointed by the Board consisting of a majority of independent non-executive directors whose terms shall run concurrently with their terms as directors. Three members shall constitute a quorum provided that at least a majority of independent non-executive directors shall be present throughout each meeting.

2. Chairman

The Chairman of the Committee shall be selected amongst the independent non-executive directors of the Company and shall be appointed by the Board. If at any meeting, the Chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose the other or one of the other independent non-executive directors to act as Chairman of such meeting.

3. Proceedings of Meetings

Notice of at least 14 days should be given of a regular committee meeting. An agenda and accompanying meeting papers should be sent in full to all committee members at least three days before the intended date of committee meeting. Any member may request for meetings by giving notice in writing to the Chairman of the Committee of not less than seven days' notice. Questions arising at the meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman shall have a second or casting vote.

4. Terms of Reference

The terms of reference of the committee should include, as a minimum, the following specific duties:-

A. Remuneration

- (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;

Note: "senior management" should refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 of the Listing Rules.

- (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 the 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; and
- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration.

Note: The Committee shall advise shareholders on how to vote with respect to any service contracts of directors of the Company or any of its subsidiaries that require shareholders' approval under rule 13.68, i.e. any service contract which (a) is for a duration that may exceed three years or (b) expressly requires the Company or its subsidiaries to give a period of notice of more than one year to pay compensation or make other payments equivalent to more than one year's emoluments.

B. Nomination

- (a) review the structure, size and composition (including the skills, knowledge and experience) of the board on a regular basis and make recommendations to the board regarding any proposed changes;
- (b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of, individuals nominated for directorship;
- (c) assess the independence of independent non-executive directors; and
- (d) make recommendations to the board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer.

5. Minutes and Reports

Minutes shall be maintained of all the meetings of the Committee and be signed by the Chairman and kept by a duly appointed secretary of the Committee meeting. The proceedings should also be summarised in a summary Report for presentation to the Board at the subsequent Board meeting.

Information in relation to the Directors' remuneration policy and appointment and removal of directors shall be included for the accounting period in the Corporate Governance Report in the Annual Report as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from time to time.

Updated on 2 February 2005