



KWAN ON HOLDINGS

均安控股

KWAN ON HOLDINGS LIMITED

(the “Company”)

**TERMS OF REFERENCE AND MODUS OPERANDI OF
REMUNERATION COMMITTEE**

(the “Committee”)

(Updated as of 10 August 2016)

Membership

1. The Committee shall consist of not less than three members appointed by the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company, the majority of whom shall be independent non-executive Directors in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
2. The Board shall nominate one of the members of the Committee who is an independent non-executive Director as the chairman of the Committee.

Frequency and proceedings of meetings

3. The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.
4. The chairman of the Committee may convene additional meetings at his discretion.
5. The quorum of a meeting shall be two members of the Committee.
6. The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.
7. Proceedings of meetings of the Committee shall be governed by article 117 and article 118 of the articles of association of the Company or any other applicable regulations as may be considered appropriate and/or adopted by the Company from time to time.

Duties, powers and functions

8. 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, senior management and the general staff of the Company. 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;

- (b) without prejudice to the generality of the foregoing:
- (i) establish guidelines for the recruitment of Directors and senior management of the Company;
 - (ii) recommend to the Board the policy and structure for the remuneration of the Directors and senior management of the Company whilst ensuring no Director or any of his close associates is involved in deciding his own remuneration;
 - (iii) determine the remuneration of Directors and senior management of the Company, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc.) if considered appropriate. The chairman of the Board and/or the chief executive of the Company shall be consulted respectively about their remuneration proposals for other Directors and/or senior management of the Company, as the case may be;
 - (iv) review and approve the compensation arrangements in connection with any loss or termination of the office or appointment, or dismissal or removal for misconduct of Directors and senior management of the Company, which shall be fair and not excessive;
 - (v) determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets;
 - (vi) consider the annual performance bonus for Directors, senior management and the general staff of the Company, having regard to their respective achievements against the performance criteria and by reference to market norms, and make recommendation to the Board accordingly;
 - (vii) engage such external professional advisors to assist and/or advise the Committee on issues as it considers necessary;
 - (viii) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
 - (ix) 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 the applicable legislation and regulation.

Reporting procedures

9. The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report the findings and recommendations of the Committee to the Board.

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