

## **Terms of Reference for Nomination and Remuneration Committee**

The Board of Directors of the Company resolved to establish a Nomination and Remuneration Committee (the "Committee") which is primarily responsible for research and suggestion on selection criteria and procedure of directors, general manager and other members of the senior management, searching for, examining and suggesting qualified candidates, and setting, overseeing and verifying remuneration policies for directors and senior management.

### **Membership**

1. The Committee shall comprise three independent non-executive directors from the Company. The term of its members is the same as the non-executive directors. A quorum to attend the meeting is two members.
2. The Chairman of the Committee must be appointed by the Board.

### **Attendance at Meetings**

3. The Director of Personnel must attend meetings of the Committee, and other members of the Board of Directors and the Board of Supervisors shall also have the right of attendance.

### **Secretary**

4. The Board Secretary shall act as the secretary of the Committee.

### **Frequency of Meetings**

5. The Committee shall hold meetings no less than twice a year. Any member from the Committee, any director or supervisor and General Manager, financial officers, Board Secretary or other members of the senior management may request a meeting if they consider that one is necessary.

### **Authorities**

6. The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
7. The Committee shall consult the Chairman of the Board and/or General Manager regarding any suggestion on the remuneration of other executive directors. The Committee is authorized to obtain external independent professional advice, or retain external professional consultancies for remuneration market survey or secure attendance of outsiders with relevant expertise and experience, if it considers this necessary.
8. If the Board passes any remuneration or remuneration arrangement that was not passed by the Committee before, the Board shall disclose its reason for passing

the remuneration or remuneration arrangement in the next annual report.

9. The Committee shall have access to sufficient resources to carry out its duties.

### **Duties**

10. The duties of the Committee shall be:

- (1) to review regularly the structure, number, composition (including expertise, knowledge and experience, etc.) of the Board and research the selection criteria and procedure of directors, General Manager and other members of the senior management, and present its suggestions to the Board on any proposed changes.
- (2) to search for qualified candidates to the Board, General Manager and other members of the senior management;
- (3) to examine qualifications of candidates to the Board, General Manager and other members of the senior management and make proposals to the Board;
- (4) to review the independence of independent non-executive directors;
- (5) to make proposals to the Board on principles in remuneration packages, set formal and transparent procedures for the remuneration policy, refer to the market criteria of remunerations for positioning, and encourage long-term incentive measures including share options;
- (6) to make proposals to the Board and the General Meeting of Shareholders on the service conditions for the Company directors and any change to the remuneration packages, including service contracts, basic salary, share option plan, pension entitlements and compensation plan for remuneration packages due to early termination of contracts;
- (7) to make proposals to the Board and the General Meeting of Shareholders on service conditions and remuneration packages for new directors;
- (8) to recommend to the Board service conditions and remuneration packages for General Manager and other senior executives of the Company;
- (9) to be authorized by the Board to determine special remunerations for the entire executive directors and senior management, including non-pecuniary interest, pension right and compensation (including compensations for dismissal or termination of posts or appointments), and draft proposals to the Board for remunerations of non-executive directors. The Committee shall consider the following factors, including remuneration of similar companies, the time that a director must spend and the duty that a director discharges, employment conditions of other posts in the Group, and whether the remuneration should be performance-related;
- (10) to accept and review report on remuneration packages plan provided by General Manager of the Company, before discussion at the Board meeting;

- (11) to review and approve remuneration in accordance with one's performance, with reference to the Company objectives passed by the Board at any time;
- (12) to review and approve compensation to executive directors and senior executives for removal or termination of their posts or appointments, in order to ensure that such compensation is determined in accordance with relevant contract terms; if it is not determined in accordance with relevant contract terms, the compensation shall be fair and reasonable, without leaving excessive burdens to the issuer;
- (13) to review and approve compensation packages on dismissal or recall of directors due to any wrongful acts, in order to ensure that such compensation is determined in accordance with relevant contract terms; if it is not determined in accordance with relevant contract terms, the compensation shall be fair and reasonable;
- (14) to ensure that any director or any associates of the director does not determine their remuneration on their own initiative;
- (15) to review and discuss the Company's share option plan, pension plan, and other long-term incentive plans;
- (16) to review the Company's remuneration plan of the human resource department; and
- (17) to consider other topics, as defined by the Board.

### **Reporting Procedure**

11. Unless limited by law or regulation, the Committee shall report to the Board on its decisions or suggestions and the secretary shall circulate the minutes of the Committee's meeting to all members of the Board.

### **Publication**

12. The Committee shall make public its function and explain its role and power conferred by the Board

### **Effectiveness**

13. This Terms of Reference, together with any supplementation and modification to it, shall come into force after being approved by the meeting of the Board, and the Board shall undertake to construe it.