



粵海制革有限公司

GUANGDONG TANNERY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1058)

Terms of Reference of Remuneration Committee

Formation

The Remuneration Committee (“the Committee”) was formed pursuant to the board resolution of GUANGDONG TANNERY LIMITED (“the Company”) passed on 8 June 2005.

Composition and Quorum

The Committee members shall be appointed by the board of directors of the Company (the “Board”). A majority of the Committee members should be independent non-executive directors.

Members : The Committee shall consist of a minimum of 3 members.

Quorum : 2

The meetings and proceedings are governed by the provisions contained in the articles of association of the Company for regulating meetings and proceedings of Directors.

The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.

Attendance at meeting

1. The Chairman and the Managing Director of the Company shall be invited to attend the meeting of the Committee to appraise the performance of executive directors and senior management as well as to make recommendations to the Board, if required. The Chairman and the Managing Director of the Company shall report to the Committee on major changes of the Company’s policy and structure that may affect the senior management of the Company.
2. The company secretary of the Company shall be the secretary of the Committee. The secretary of the Committee or in his/her absence, his/her representative or any one Committee member, shall be the secretary of the meetings of the Committee.

Frequency of meetings

Meetings shall be held not less than once a year. The chairman of the Committee may convene additional meetings at his discretion.

Reporting Procedures

The Committee is required to report back to the Board on their work (including their decisions and recommendations) from time to time as and when appropriate and in any event at least once annually.

Authority

1. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
2. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

The duties of the Remuneration Committee shall be:

1. To make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
3. To determine, with delegated responsibility, the remuneration packages of individual 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);
4. To make recommendations to the Board on the remuneration of non-executive directors;
5. To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

6. To review and approve compensation payable to executive directors and senior management for any loss or termination of their office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
7. To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
8. To ensure that no director or any of his associates is involved in deciding his own remuneration;
9. To consult the Chairman and/or the Managing Director about their remuneration proposals for other executive directors. The remuneration committee should have access to independent professional advice if necessary; and
10. To consider other topics as defined by the Board.

Note: For the purpose of these terms of reference, “senior management” should refer to the same category of persons as referred to in the Company’s annual report.

(Amended on 13 March 2012)