



**XIWANG SUGAR HOLDINGS COMPANY LIMITED**

**西王糖業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 2088)

**TERMS OF REFERENCE OF  
THE REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS**

**(Adopted on 30 March 2012)**

**Constitution**

1. The Remuneration Committee is established as a committee of the Board pursuant to a resolution passed by the Board at its meeting held on 6 November 2005.

**Objectives**

2. The Remuneration Committee shall review and develop, for the Board's endorsement, the Company's policy on remuneration for its Directors (including executive Directors), members of its audit committee and its Senior Management (as defined in paragraph 32 below) by reference to the section headed "Duties" below.
3. It shall provide a medium of public accountability, which is not controlled by the Company's management.

**Membership**

4. The Remuneration Committee shall consist of at least three members and shall be appointed by the Board from amongst the Directors. The majority of members of the Remuneration Committee shall be independent non-executive Directors.
5. The chairman of the Remuneration Committee shall be an independent non-executive Director appointed by the Board.

6. The appointment of the members of the Remuneration Committee may be revoked, or additional members may be appointed to the Remuneration Committee by separate resolutions passed by the Board and by the Remuneration Committee. An appointment of Remuneration Committee member shall be automatically revoked if such member ceases to be a member of the Board.

### **Frequency of meetings**

7. The Remuneration Committee shall meet at least twice a year and at such other times as its Chairman shall require.

### **Notice of Meetings**

8. Unless otherwise agreed by all the Remuneration Committee members (either orally or in writing), a meeting shall be called by at least seven days' notice. Such notice shall be sent to each member of the Remuneration Committee, and to any other person invited to attend. Irrespective of the length of notice being given, attendance of a Remuneration Committee member at a meeting constitutes a waiver of such notice unless the Remuneration Committee member attending the meeting attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting has not been properly convened.

*(Pursuant to paragraph A.1.3 of Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), regular board meetings should be called by, so far as practicable, at least 14 days’ notice)*

9. Meetings of the Remuneration Committee shall be called either by the secretary to the Remuneration Committee at the request of the member of Remuneration Committee or the Remuneration Committee member himself/herself. Notice shall be given to each Remuneration Committee member in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the secretary by such Remuneration Committee member or in such other manner as the Remuneration Committee members may from time to time determine.
10. Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.
11. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be issued to each member of the Remuneration Committee and any other person required to attend no fewer than three days prior to the intended date of the meeting (or such other period as all the Remuneration Committee members may agree).

### **Attendance at meetings**

12. A quorum for a meeting of the Remuneration Committee shall be two members of the Remuneration Committee and a majority of which shall be the independent non-executive Directors.
13. The Remuneration Committee may request any Director, any member of Senior Management (including the head of human resources, if any) or any other individual to attend its meetings.
14. The company secretary of the Company shall be the secretary of the Remuneration Committee. The secretary of the Remuneration Committee or in his/her absence, his/her representative or any one member of the Remuneration Committee present at the meeting may elect among themselves or appoint another person as the secretary of the meetings of the Remuneration Committee.

### **Written Resolution**

15. Written resolutions may be passed by all Remuneration Committee members in writing.

### **Overriding principles**

16. In determining the framework or Board policy for the remuneration of the Directors and Senior Management, the Remuneration Committee shall take into account relevant provisions of the Listing Rules. The objectives of such policy are to ensure the remuneration levels should be sufficient to attract and retain Directors to run the company successfully without paying more than necessary.
17. No director should be involved in deciding his own remuneration. No Remuneration Committee member may vote on any resolution of the Remuneration Committee regarding his own remuneration.
18. The Remuneration Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive Directors. The Remuneration Committee should have access to independent professional advice if considered necessary.

### **Alternate Remuneration Committee members**

19. A Remuneration Committee member may not appoint any alternate.

## Authority

20. The Remuneration Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it reasonably requires from any employee in order to perform its duties. All employees are directed to co-operate with any reasonable request made by the Remuneration Committee.
21. The Remuneration Committee is authorised by the Board, at the Company's expense, to appoint outside legal or other independent professional advisers with relevant experience and expertise (including remuneration consultants) to assist the Remuneration Committee on any matters within these terms of reference, to secure the attendance of such professional advisers at its meetings if it considers it necessary and to obtain reliable, up-to-date information about remuneration in other companies. The Remuneration Committee shall have full authority to commission any reports or surveys which it considers necessary to help it fulfil its obligations.
22. The Remuneration Committee shall be provided with sufficient resources to perform its duties.
23. The Remuneration Committee shall consult the chairman and/or chief executive about their remuneration proposals for other executive Directors. The Remuneration Committee should have access to independent professional advice if necessary.
24. The Remuneration Committee may exercise the following powers:
  - (a) to review any proposed service contract with any Director or Senior Management before such contract is entered into and to make recommendation to the Company's human resources department for any changes to the proposed terms of such contract;
  - (b) to make recommendations regarding the remuneration, bonuses and welfare benefits of the executive Directors and the Senior Management;
  - (c) to request the Board to convene a shareholders' meeting (if necessary) for purposes of removing any Director and to dismiss any employees if there is evidence showing that the relevant Director and/or employee has failed to discharge his duties properly;
  - (d) to review annually these terms of reference and their effectiveness in the discharge of its duties and to make recommendation to the Board any changes it considers necessary; and

- (e) to exercise such powers as the Remuneration Committee may consider necessary and expedient so that their duties under the section headed “Duties” below can be properly discharged.

## **Duties**

25. The Remuneration Committee shall have the following specific duties:

- (a) to make recommendations to the Board on the policy and structure of the Company for, all Directors, and Senior Management (including without limitation directors of any members of the Company and its subsidiaries (the “**Group**”) other than the Directors) remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- (c) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management; this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) to review and approve compensation payable to executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) 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;
- (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration;
- (i) to produce an annual report of the Remuneration Committee’s remuneration policy which will form part of the Company’s annual report and accounts; and

- (j) to ensure the Company to disclose details of any remuneration payable to members of Senior Management by band in its annual reports.
26. The Remuneration Committee shall determine, prior to the beginning of each financial year, the details of any performance-related remuneration whether on a Company-wide basis or for Senior Management. Following each financial year, the Remuneration Committee shall review the performance against these targets.

### **Minutes and records**

27. The secretary of the Remuneration Committee shall, at the beginning of each meeting, ascertain and record the existence of any conflicts of interest and minute them accordingly. The relevant member of the Remuneration Committee shall not be counted towards the quorum and he must abstain from voting on any resolution of the Remuneration Committee in which he or any of his associates has a material interest, unless the exceptions set out in note 1 to Appendix 3 to the Listing Rules apply.
28. The secretary of the Remuneration Committee shall keep record of minutes of all Remuneration Committee meetings and all written resolutions of the Remuneration Committee, and such minutes or written resolutions shall be available for inspection at any reasonable time on reasonable notice by any Director. The secretary shall also keep records of individual attendance of members of the Remuneration Committee on a named basis at Remuneration Committee meetings held during each financial year of the Company.
29. Minutes of Remuneration Committee meetings and all written resolutions of the Remuneration Committee shall record in sufficient detail the matters considered by the Remuneration Committee members and decisions reached, including any concerns raised by the Remuneration Committee members and dissenting views expressed. Draft and final versions of minutes of meeting of the Remuneration Committee, or as the case may be, written resolutions of the Remuneration Committee, shall be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within a reasonable time after the meeting (generally, meaning within 14 days after the meeting) or before the passing of the written resolutions.
30. The secretary of the Remuneration Committee shall also circulate the minutes of meetings, reports and all written resolutions of the Remuneration Committee to all members of the Board.
31. The Remuneration Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

## **Senior Management**

32. For the purposes of these terms of reference, Senior Management shall include directors of any members of the Group and employees or officers at the rank of general manager, financial controller, Company secretary, chief financial officer, or above.

## **Annual General Meeting**

33. The chairman of the Remuneration Committee or in his absence, another member of the Remuneration Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Remuneration Committee's activities and their responsibilities.

## **Continuing application of the bye-laws of the Company**

34. The bye-laws of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Remuneration Committee.

## **Powers of the Board**

35. The Board may, subject to compliance with the bye-laws of the Company and the Listing Rules (including the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules or if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke these terms of reference and any resolution passed by the Remuneration Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Remuneration Committee shall invalidate any prior act and resolution of the Remuneration Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

## **Publication of the terms of reference of the Remuneration Committee**

36. The Remuneration Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the website of the Company and on the website of the Stock Exchange.

Adopted on 30 March 2012 in replacement of the terms of reference of the Remuneration Committee adopted on 6 November 2005

\* *For identification purpose only*