

# **HENG FAI ENTERPRISES LIMITED**

## **Remuneration Committee Terms of Reference**

(Approved by the Board on 30 September 2005 and amended on 27 July 2015)

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Reference to "the Committee" shall mean the Remuneration Committee of Heng Fai Enterprises Limited.

Reference to "the board" shall mean the board of directors of Heng Fai Enterprises Limited.

Reference to "the company" shall mean Heng Fai Enterprises Limited and reference to "the group" shall mean the company and its subsidiary undertakings.

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### **1. Membership**

- 1.1 Members of the Committee shall be appointed by the board, where appropriate, in consultation with the Chairman of the Committee. The Committee shall be made up of at least three members;
- 1.2 Majority of members of the Committee shall be independent non-executive directors;
- 1.3 Only members of the Committee have the right to attend Committee meetings. Other individuals such as the Chief Executive Officer and Head of Human Resources, may be invited to attend all or part of any meeting as and when appropriate;
- 1.4 Appointments to the Committee shall be for such initial period (subject to extension) as prescribed by the board; and
- 1.5 The board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their members to chair the meeting.

## **2. Secretary**

The Committee Chairman shall nominate a secretary to the Committee.

## **3. Quorum**

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **4. Frequency of Meetings**

The Committee shall meet at least once a year and otherwise as required.

## **5. Notice of Meetings**

5.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members; and

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend at least 14 days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate at least five clear days in advance of the meeting.

## **6. Minutes of Meetings**

The Chairman shall arrange for keeping of records of resolutions passed at Committee meetings, and circulate the same to all members of the Committee within a reasonable time after each meeting and, once agreed, to all members of the board.

## **7. Annual General Meeting**

The Chairman of the Committee should, as far as practicable, attend the Annual General Meeting and make himself available to respond to any shareholder questions on the Committee's activities.

## **8. Duties**

8.1 The Committee shall:

- 8.1.1 consider management recommendation, and determine the framework or broad policy for the remuneration (including performance-related pay schemes and long-term incentive arrangements) of the Chairman of the board, the Managing Director, the other executive directors of the Company and such other members of the executive management as it is designated by the board. The remuneration of non-executive directors shall be a matter for the general meeting. No director or any of his associates may be involved in any decisions as to his own remuneration;
- 8.1.2 agree the procedures for establishing a formal and transparent procedure for determining targets for any performance-related pay schemes for executive directors;
- 8.1.3 determine the policy for and scope of pension arrangements for each executive director;
- 8.1.4 ensure that contractual terms on termination, and any payments made to executive Directors, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- 8.1.5 within the terms of the agreed policy, determine the total individual remuneration package of each executive director including, where appropriate, bonuses, incentive payments and share options;

- 8.1.6 in determining such packages and arrangements, give due regard to the contents of applicable corporate governance codes as well as the Listing Rules of the Hong Kong Stock Exchange and associated guidance;
- 8.1.7 ensure that provisions regarding disclosure of remuneration in the Company's annual report are fulfilled;
- 8.1.8 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.1.9 make available the Committee's terms of reference; and
- 8.1.10 when appropriate review and, where necessary, make recommendations to the board for the updating of the Committee's terms of reference.

## **9. Reporting Responsibilities**

- 9.1 The Committee Chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities; and
- 9.2 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

## **10. Authority**

The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference.