

**SOUTH CHINA HOLDINGS COMPANY LIMITED**  
(the “Company”)

**REMUNERATION AND NOMINATION COMMITTEE**  
**TERMS OF REFERENCE**

Adopted pursuant to the Corporate Governance Code (formerly known as the Code on Corporate Governance Practices) set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules” respectively) effective on 1 January 2005 and amended from time to time.

**1. Establishment**

- 1.1 The Remuneration and Nomination Committee (the “Committee”) is established by the board of directors (the “Board”) of the Company to replace the Remuneration Committee of the Company established on 21 April 2005.
- 1.2 Subject to the Listing Rules and the Articles of Association of the Company, the composition, duties, meetings and proceedings of the Committee shall be regulated by the provisions of this set of terms of reference.

**2. Membership**

- 2.1 The Committee members shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members.
- 2.2 The majority of the Committee members should be independent non-executive directors of the Company and the chairman of the Committee shall be appointed by the Board and should be an independent non-executive director of the Company.

**3. Principal Duties**

The responsibilities of the Committee are:-

*Remuneration function*

- 3.1 to make recommendations to the Board on the Company’s policy and structure for all directors’ and senior management’s (if any) remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- 3.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 3.3 to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management (if any). This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 3.4 to make recommendations to the Board on the remuneration of non-executive directors;
- 3.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its group;
- 3.6 to review and approve compensation payable to executive directors and senior management (if any) for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and otherwise fair and not excessive;
- 3.7 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;
- 3.8 to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- 3.9 to review annually and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, including any grants of options or awards to directors or senior management (if any).

*Nomination function*

- 3.10 to review the structure, size and composition (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, independence and diversity of perspectives) of the Board at least annually or when necessary and make recommendations to the Board to complement the Company's corporate strategy;
- 3.11 to review the policy on Board diversity (the "Board Diversity Policy"), including measurable objectives for implementing the Board Diversity Policy and the progress on achieving such objectives, and the Board Diversity Policy or its summary shall be disclosed in the Corporate Governance Report of the Company;
- 3.12 to develop, review and implement, as appropriate, the policy of the nomination of directors (the "Board Nomination Policy") for the Board's consideration and approval; to make disclosure of such policy or summary of such policy in the Corporate Governance Report of the Company annually;

3.13 to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. When selecting and recommending candidates for directorship, the Committee shall consider with due regards for the benefits of diversity on the Board various factors including but not limited to the following:-

- (i) the skills, experience, expertise and personal qualities that will best complement the Board's effectiveness;
- (ii) the capability of the candidate to devote necessary time and commitment to the role. This involves a consideration of matters such as other directorships or executive appointments; and
- (iii) the potential conflicts of interest and independence;

3.14 to assess the independence of independent non-executive directors; and

3.15 to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

#### **4. Meetings and Administration**

4.1 The quorum of the Committee meeting shall be two members.

4.2 The Company Secretary or his delegate shall act as the Committee's secretary.

4.3 The meetings and proceedings are governed by the provisions contained in the Company's Articles of Association for regulating the meetings and proceedings of directors.

#### **5. Reporting Procedures**

5.1 The Committee shall report to the Board on its decisions or recommendations on a regular basis.

#### **6. Disclosure**

6.1 The Committee shall make available on the websites of the Stock Exchange and the Company its terms of reference and explain the role of the Committee and the authority delegated to it by the Board.

*(If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.)*