



## CHINASOFT INTERNATIONAL LIMITED

中軟國際有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 354

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### REMUNERATION COMMITTEE

#### TERMS OF REFERENCE

*(As adopted by the Board on 28 June 2005 and amended on 28 March 2012)*

#### **DEFINITIONS**

1. Unless the context otherwise requires, the terms below have the following meaning:

“Board”	:	the board of directors of the Company
“Chairman”	:	the Chairman of the Board
“Committee”	:	the remuneration committee
“Committee Chairman”	:	the Chairman of the remuneration committee
“Company”	:	Chinasoft International Limited
“Company Secretary”	:	the company secretary of the Company
“Director(s)”	:	the director(s) of the Company
“Exchange’s website”	:	the official website of Hong Kong Exchanges and Clearing Limited
“Group”	:	the Company and its subsidiaries from time to time
“Listing Rules”	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Senior Management”	:	heads of divisions, departments or other operating units within the Group, and directors of subsidiaries

#### **CONSTITUTION**

2. The Board hereby constitutes and establishes a remuneration committee on 28 June 2005 with authority, responsibility and specific duties as described below.

#### **MEMBERSHIP AND QUORUM**

3. The Committee shall be comprised of at least 3 members, each of whom shall be appointed by the Board. The members of the Committee shall be appointed from the directors of the Company, a majority of whom shall be independent non-executive directors of the Company.

4. The Board shall appoint the chairman of the Committee. The Committee Chairman shall be an independent non-executive director of the Company.

5. Subject to 3 and 4, if a regular member is unable to act due to absence, illness or any other cause, the Committee Chairman may appoint a non-executive director of the Company to serve as an alternate member.

### **AUTHORITY AND DUTIES**

6. The Authority of the Committee is derived from the Board, therefore the Committee is obliged to report to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so.
7. The Committee is authorized by the Board to investigate any activity within the scope of these terms of reference and shall be provided with sufficient resources to perform its duties. It is authorized to seek any information it requires from any employees of the Group and members of the Board in order to perform its duties and all employees of the Group and members of the Board are directed to co-operate with any request made by the Committee within the scope of these terms of reference.
8. Each member of the Committee shall disclose to the Committee:
  - (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Committee.

9. The duties of the Committee shall be:
  - (a) to formulate remuneration policy for the approval of the Board, which shall take into consideration factors such as salaries paid by comparable companies, employment conditions and responsibilities, and individual performance of the directors, senior management and general staff. Performance shall be measured against corporate goals and objectives resolved by the Board from time to time; and implement the remuneration policy laid down by the Board;
  - (b) to make recommendations to be Board on the Company's policy and structure for all directors (including chief executive who is an ex-officio) and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- (c) to establish guidelines for the recruitment of the senior management;
- (d) determine the criteria for assessing employee performance which should reflect the Board's goals and objectives;
- (e) to consider the performance bonus (if any) for executive directors, senior management and general staff (if applicable), having regard to their achievements against the performance criteria and by reference to market norms, and make recommendations to the Board;
- (f) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (g) to determine/make recommendations to the Board on the remuneration packages of individual executive directors (including chief executive who is an ex-officio) and senior management of the of the Group, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive directors. The Committee shall consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (h) to review and approve compensation payable to executive directors and senior management of the Group 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;
- (i) 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;
- (j) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (k) to advise shareholders of the Company with respect to any service contracts of directors of the Group that require shareholders' approval under the Listing Rules;
- (l) to consider other topics and review other documents as may be reasonable requested by the Board from time to time.

## **MEETINGS AND ATTENDANCE**

10. The Committee shall meet at least once a year and at such other times as the Committee Chairman shall require. Meetings can either be held in person or through live electronic means of communication such as teleconference or videoconference.
11. Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the chairman of the Committee. 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, no later than 7 days before the date of the meeting. Supporting papers shall be sent to the Committee members and to the other attendees at least 3 days in advance of the meeting (or other agreed period).
12. No executive director or member of senior management shall be involved in any decision or be present for any discussions as to his or her own individual remuneration, except for those Company's human resources, finance and legal personnel whose presence might be appropriate to provide background information necessary for the Committee's analysis of remuneration or benefit decisions, and then only to the extent the Committee Chairman deems their presence necessary.
13. Except as outlined above, meetings of the Committee shall be conducted in accordance with the provisions of the Company's articles of association governing the proceedings of the Directors of the Company.

## **REPORTING AND MINUTES**

14. The Company Secretary of the Company or his/her nominee or such other person as nominated by the Board shall act as the secretary of the Committee and shall be responsible for taking minutes of each Committee meeting.
15. Full minutes of the Committee meetings shall be kept by the secretary of the Committee and shall be open for inspection at any reasonable time on reasonable notice by any Director. Minutes of meetings of the Committee shall record in sufficient details the matters considered by the Committee and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of the meetings shall be sent to all Committee members for their comment and records, within a reasonable time after such meetings are held.
16. The secretary of the Committee shall circulate to all Directors the final versions of Committee meeting minutes once approved by the Committee.

17. The Committee shall report to the Board on a regular basis. At the next Board meeting following a Committee's meeting, the Committee shall report the Committee's decisions or recommendations to the Board, unless there are legal or regulatory restrictions on their ability to do so.
18. The chairman of the Committee shall attend the annual general meeting(s) and be prepared to respond to any shareholders' questions on the Committee's activities or in his absence, another member of the Committee, or failing this, his duly appointed delegate.

#### **AMENDMENT TO TERMS OF REFERENCE**

19. Any amendment to these terms of reference must be approved by the Board.

#### **AVAILABILITY OF TERMS OF REFERENCE**

20. The Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Exchange's website and the Company's website.