

# **TIANGONG INTERNATIONAL COMPANY LIMITED**

## **(“the Company”) TERMS OF REFERENCE OF REMUNERATION COMMITTEE (“the Committee”)**

### **Membership**

1. The Committee shall be appointed by the board of Directors (“the Board”) and shall consist of not less than 3 members, the majority of whom should be independent non-executive Directors.
2. The Board shall nominate one of the members, who shall be an independent non-executive Directors, as the chairman of the Committee.
3. The Company Secretary or a nominee shall act as the Secretary of the Committee.

### **Frequency and proceedings of meetings**

4. The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.
5. The chairman of the Committee may convene additional meetings at his discretion.
6. The quorum of a meeting shall be two members of the Committee.
7. The Committee may, from time to time, invite independent professional advisors to the meeting, including but not limited to external advisors or consultants to advise its members. The Committee shall be provided with sufficient resources at the Company’s expense to perform its duties.
8. Proceedings of meetings of the Committee shall be governed by the provisions of the Articles of Association of the Company.

## **Duties, powers and functions**

### **9. The Committee shall —**

- (a) formulate remuneration policy for approval by the Board, which shall take into consideration factors such as salaries paid by comparable companies, time commitment, employment conditions, and responsibilities, and individual performance of the Directors, senior management, and the 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. A significant proportion of executive Directors' remuneration should link rewards to corporate and individual performance;
- (b) without prejudice to the generality of the foregoing:
  - (i) establish guidelines for the recruitment of the Chief Executive and senior management;
  - (ii) recommend to the Board the policy and structure for the remuneration of all Directors (including non-executive Directors, and the Chief Executive as an ex-officio member) and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy whilst ensuring no Director or any of his associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) is involved in deciding his own remuneration;
  - (iii) determine, with delegated responsibility, the remuneration packages of individual executive Directors (including the Chief Executive who is an ex-officio member) and senior management, including benefits in kind, pension right, compensation payment (including any compensation payable for loss or termination of office or appointment etc.). The Chairman and/or the Chief Executive shall be consulted about their proposals relating to the remuneration of the other executive Directors, and/or senior management, as the case may be;
  - (iv) make recommendations to the Board on the remuneration of the non-executive Directors and as for the remuneration of independent non-executive Directors, such recommendation shall not include any equity-based remuneration (e.g. share options or grants) with performance-related elements which may lead to bias in their decision-making and compromise their objectivity and independence;

- (v) review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment, to ensure that they are consistent with contractual terms and are otherwise fair and not excessive;
  - (vi) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms or are otherwise reasonable and appropriate;
  - (vii) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
  - (viii) determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets;
  - (ix) consider the annual performance bonus for executive Directors, senior management, and the general staff, having regard to their achievements against the performance criteria and by reference to market norms, and make recommendation to the Board;
  - (x) engage such external independent professional advisors to assist and/or advise the Committee on issues as it considers necessary;
  - (xi) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;
  - (xii) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation; and
- (c) make available these terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Hong Kong Stock Exchange and Clearing Limited's website and the Company's website.

10. In determining any specific package, the Committee shall take into account salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group.

### **Reporting Procedures**

11. The Company Secretary shall record minutes of all duly constituted meetings of the Committee. All minutes shall record in sufficient details the matters considered, discussions reached or recommendations made and any concerns raised by any members including dissenting views.

12. The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report the decisions or recommendations of the Committee to the Board, unless there are legal or regulatory restrictions on their ability to do so.

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